

Policy Address for the Fiscal Year 2003 of the Macao Special Administrative Region (MSAR) of the People's Republic of China

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Delivered by the Chief Executive, Edmund Hau Wah HO
20 November 2002

Madam President, members of the Legislative Assembly,

Today, I am pleased to attend the plenary meeting of the Legislative Assembly of the Macao Special Administrative Region. In accordance with the terms stipulated in the Basic Law and on behalf of the MSAR Government, I now present the policy report for the fiscal year 2003 for your evaluation and discussion.

Introduction

For nearly three years, the Macao Special Administrative Region (MSAR) has been guided by the principles of "One country, two systems", "Macao people governing Macao" and "A high degree of autonomy". In the process of adapting to changing times, we are continuing to implement administrative reforms, to strengthen and unify Macao and to make steady progress in a stable social and economic environment. At present, Macao has recovered its strength and is consolidating its unique position. Looking ahead, I foresee that Macao will continue to make the most of its opportunities, learning lessons from the challenges it confronts and confidently applying the knowledge gained to create an ever more exciting future. We will use our agility and creative ability to turn today's opportunities into tomorrow's successes as we embark on new phases of development that will carry Macao toward increased prosperity.

During 2002, the opening-up of Macao's economy marked a turning point in the territory's history. The entire MSAR community recovered its vitality and the development of the MSAR gained momentum. As part of this accelerating process, the relief initiatives launched by the Government took effect, with beneficial results. Under the directives of the policy plan that we previously laid out, the Government is continuing to implement its stated objectives in a variety of social and economic areas. These tasks are ongoing and are progressing steadily toward the desired goals. The confidence of Macao's citizens has been bolstered by Macao's prospects for the future. This positive public attitude and outlook encourages us to work even more diligently on behalf of the people of Macao.

Next year, the Government will vigorously pursue its primary objective of economic recovery. However, as the SAR advances, we must ensure that all outdated and unproductive thinking must be discarded and cast aside. Only if we are courageous enough to continuously update our thinking and progress with the times, can we leverage Macao's strengths and advantages, so that it will realise its full development potential. The success of the people of Macao,

individually and collectively, and the direction of the Government's long-term policy in the years ahead, depend on our keeping this in mind. In 2003, the Government intends to rigorously carry out its policy plan and complete every current and ongoing project. We shall strive to continuously optimise our results and to correct our shortcomings. The 2003 policy plan covers every aspect of the community and provides a vision for its future. It will ensure a well-coordinated and integrated development of the whole community, so that we can lay a more complete and solid foundation on which Macao can build its future.

Part I Summary of the MSAR Government's Work in 2002

Madam President, members of the Legislative Assembly,

Please allow me to briefly review the work of the MSAR Government in 2002

1. Implementing administrative reforms and improving public services

Reforms in public administration require the combined efforts of the Government and the public. In the preceding year, the MSAR Government cooperated with the community to establish or make more effective organisations that enabled the citizens of Macao to monitor all aspects of public administration and offer their own input. All Government departments have established appropriate channels whereby the public can register complaints, submit opinions and offer proposals for the improvement of service. In addition, we have established a special consultative body to act as a liaison between the Government and the general public to provide information to enhance public administration and reforms.

Administrative reforms are based on respect for people's needs and feelings. We wish to promote compassion and social responsibility within the public service to raise the living standards of the entire community. One of our objectives is to instil a spirit of teamwork among Macao's civil servants as a way of enhancing the quality of service. Last year, we significantly expanded our "one-stop" services.

Various administrative departments have also shared with each other their experiences of "performance pledges". Our legal experts have supported quality improvements in the related legal work.

As an extension of the spirit of "performance pledges", the Government conducted a legal review of all related rules and regulations to ensure that the initiative was in accordance with the correct legal procedures. Our goal is to run the programme in a transparent and efficient manner on the principle that tasks will be given a priority based on their importance and urgency. The legal assessment of administrative reforms, especially the laws and regulations related to public servants, has been one of our top priorities.

The first training programme in Macao's history for all mid-ranking to senior civil servants has been successfully completed. Meanwhile, we also provided

professional training in legal and judicial matters to meet the new civil service requirements. With the new training programme, we can upgrade administrative levels under the rule of law, reinforce the legal foundation of administrative reforms and strengthen the rule of law throughout the community.

In the preceding year, our anti-corruption activities have been especially effective in ensuring clean, corruption-free conduct on the part of public and private organisations in the community. We also tightened up the standards relating to Government auditing procedures, which effectively regulate the expenditures of the various departments.

2. Stimulating economic recovery and investment activity

Over the past twelve months, the global economy continued to experience difficulties, a situation that caused Macao considerable anxiety. But looking on the bright side, despite the uncertainty of the external economic environment, the GDP of the MSAR has been steadily increasing. Flagship industries and related business sectors have grown steady and the dynamic signs of their revival are now unmistakable. Also, most importantly, foreign investment in Macao has significantly increased.

This continuous improvement in Macao's economy has been observed by regional and overseas investors. To take advantage of this promising state of affairs, the Government has taken the initiative and allocated more resources to create new investment incentives to bolster the economy. In addition, external investment, in particular, foreign investment from offshore businesses, showed considerable growth in terms of the size and variety of projects.

In addition to continuously pursuing foreign investment, the Government attaches great importance to supporting Macao's SMEs. Government organisations and departments are providing several types of assistance, including technology transfer, management training and consultation, advice on operating procedures, business/trade information and assistance in finding opportunities for expansion. The MSAR is actively introducing business partners to Macao's SMEs.

Civil aviation will be developed in preparation for changing markets in the future. Given the proliferation of new airline routes and the increase in the number of passengers and in cargo quantity, Macao established its full cargo transport operation. Also, to keep up with the latest developments in logistics, the Government will construct the first logistics centre in Macao.

3. Building infrastructure projects and promoting overseas relationships

In 2002, the Government launched a number of infrastructure projects that will provide for Macao's present and future needs. Construction commenced on the third Macao-Taipa bridge, which will operate twenty-four hours a day,

seven days a week, even in typhoon conditions. Other projects are on the drawing boards, including the construction of stadiums and ancillary facilities for the East Asian Games, public works projects that will enhance quality of life and accelerate highway and road improvements across Macao. At the same time, we adopted new measures to crack down on motorists who violate traffic regulations. All planning and improvement projects in every district are being carried out as prescribed.

To encourage the development of technology in Macao, the Government is committed to creating both a “software” and “hardware” infrastructure. The Macau New Technologies Incubator Centre (Manetic), a joint venture of the MSAR Government and private industry, has now been opened. At present, a number of companies have moved to the Centre, guaranteeing its steady growth. We have invited world-renowned Chinese-American architect I. M. Pei (Ieoh Ming Pei) to design the future Macao Science Centre. Organising work is proceeding smoothly. The Science and Technology Committee has been working on this project since the third quarter of 2002 and will provide advice that is both practical and visionary regarding the future development of technology in Macao.

By launching a series of infrastructure projects, the Government can consolidate Macao’s overall development, improve its image and raise living standards. Massive investments also increase consumer spending and provide employment for local residents. As the 2005 East Asian Games will be held in Macao, the new projects will provide the integrated infrastructure and facilities required for the successful operation of the Games.

This year, the MSAR Government has been promoting Macao in overseas markets. The opportunities for developing mutually beneficial relations with foreign partners are being enhanced by a variety of programmes, including promoting the image of a post-unification Macao that is perceived to be an excellent investment environment, one that affords ample opportunity for development. At the same time, governmental and non-governmental agencies are pragmatically cooperating to offer numerous convenient services, reinforce long-term strategic partnerships and build ongoing cooperative relationships.

4. Improving living standards in a safe and peaceful society

In response to the harsher business climate and the relatively greater hardship experienced by people last year, the Government committed itself to stimulating economic recovery through implementing a series of short-term initiatives. Our goal of encouraging Macao residents to persevere in the face of adversity was widely applauded by every sector in the community.

Increasing Macao’s employment rate continues to be a priority in the Government’s agenda. In addition to the effective measures we regularly take, we launched several infrastructure projects, which led to the creation of several thousand jobs. At the same time, we increased the financial resources allocated to vocational training to provide job seekers with training courses

with standardised curriculums. Students were able to increase their educational level and hone their competitive edge prior to entering the marketplace.

The Government also opened up the market and tightened market controls, which resulted in lower prices for consumer commodities, including local mobile telecommunication services and gasoline. Service quality also improved as a result. These changes benefited both consumers and business operators.

Tertiary institutions cost-effectively increased their research and educational activities, building an even stronger foundation for the important function they provide in the community. Placing their primary focus on language training, these institutions worked to better adapt themselves to the needs and trends of society. For non-tertiary institutions, the introduction and promotion of small class programmes will gradually relieve the workload of primary school teachers and improve teaching quality. New education modes, such as creative teaching and family-school cooperation, are starting to gain the support of educators and parents. The initial response has been encouraging.

During the past year, the Government has hosted a variety of cultural, artistic, recreational and sports activities, which have enriched the lives of the local residents. These activities are of immense benefit to the physical, mental and emotional health of Macao's citizens. In the course of organising these activities, we have put special emphasis upon choosing and promoting events that will have universal appeal. At the same time, we are continually striving to improve the quality of these cultural and recreational programmes, while doing all we can to support the increasing number of talented individuals in Macao.

In the areas of medical services and health, many reforms such as the setting up of a computerised clinical service system, the opening of a centre for evaluating complaints concerning medical procedures and the providing of pre-arranged clinical services are being implemented on the principle of "Putting the people's interests first". The two major medical institutions in Macao, Conde S. Januário Hospital and Kiang Wu Hospital, remain the defenders of the health of the community. Their cooperative and synergistic programmes are an important component of Macao's health delivery system.

This past year, public security has been generally good and Macao's residents are living in a safe and peaceful society. The Macao Customs Service was successfully established, while Macao's emergency services are being steadily improved. These agencies are helping to ensure that Macao residents are adequately protected and appreciated by society. These are necessary conditions for building an attractive market environment.

During 2002, the MSAR Government placed stricter controls over public expenditures and strengthened the auditing system. We took steps to maintain a healthy public expenditure and gradually modernised the financial management system. The monies in the MSAR Reserve Fund not only remained untouched, but were supplemented. We will continue to monitor the

operations of various financial institutions, combat money laundering and scrupulously protect the reputation of Macao.

5. Summary of achievements

Over the past twelve months, the Government's policy objectives and efforts have been chiefly dedicated to developing a distinct strategic position for Macao based on its open economy. We continue to carry out trial projects as a way of providing more experience and creating a stronger base for public administration reforms. Because of the reforms it has implemented, the Government now has greater confidence in administering Macao, has developed more systematic and integrated solutions to problems and has a much better feel for the direction in which the development of Macao should proceed.

The Government has also noted that some of earlier difficulties we encountered persisted even though Macao was again on the right track. By and large, the living standards of Macao's residents need to be improved. Consequently, we have upgraded the relevant services and taken additional appropriate measures. We don't intend to slacken our efforts, although Macao is now better off than before. We need to guard against having recurrent problems arise from the ashes. As a result, we have taken effective measures to keep the conditions under control.

In addition, we have tried our best to adopt interim measures to ameliorate problems that still require favourable conditions to resolve. Last year, we modified some public service mechanisms and implemented a number of new projects. We shall prudently continue this work, periodically reviewing the process and learning from our experiences, so we can find optimum solutions that balance the benefits of new developments with existing positive elements within the community.

In the last three years, hardworking civil servants made many improvements to the MSAR's administrative procedures. Their enterprising spirit, resilience and performance have been noteworthy. Department heads and employees of every rank have accumulated valuable experience through a variety of challenging tasks. They have demonstrated greater leadership ability and more mature skills in handling the situations that they confront daily. This progress is not only the result of their own efforts, but has been facilitated in part by the support, supervision and encouragement they have received from the residents of Macao. With the concerned citizens of our community backing them up, we are convinced that Macao's civil servants won't be satisfied to rest on their laurels, but will continue to strive for excellence.

Our experience tells us that we need to put more effort into social issues that concern the public. At the same time, we will also tackle those neglected issues that still have a significance that we cannot ignore. In these challenging times, we have to pay more attention to urgent matters, while also taking the long view of the work we are doing. Whether the social issues are visible or invisible, we will recognise what needs to be done and act appropriately.

When we have to choose between a variety of conflicting social needs, we will balance the competing interests and facilitate dialogue and understanding within the community. As we collect information in the process of determining what is the best course of action, we will listen to the public first before considering the views of industry professionals. We will at all times try to formulate and implement appropriate and effective operating procedures characterised by quality and integrity, ensuring in the process that our decisions are acceptable to the community and in the best interests of the citizens of Macao. We won't procrastinate when dealing with urgent matters, yet will also refrain from making hasty decisions or acting rashly without being fully prepared. We shall regularly review our initiatives and projects in order to manifest the ideas of our policy address in real terms. In the meantime, we will track the effectiveness of the policies we have implemented to generate more fruitful ways of thinking and raise the performance of our administration.

To be frank, we will be the first to admit that in some areas the MSAR Government administration still has a way to go when measured against the aforementioned standards. The intention is there, though it may not always be realised. Some shortcomings are caused by a lack of basic knowledge about issues and operating procedures. Some procedures carried out properly in the past fail to meet today's standards. Obviously, methods need to change with the times and be adapted to altered circumstances. We must never hide our shortcomings behind our achievements while there is still room for improvement in our administration. Challenges are no excuse for avoiding a problem. Macao is moving forward again with great optimism into the future, yet the MSAR Government faces even more complicated administrative issues. Officials at all levels should, in the best way possible, increase their political wisdom, their sensitivity to society and their sense of social responsibility, while striving to eliminate their weaknesses. Together, we will continue to dedicate ourselves to serve the people of Macao.

Part II Priorities of the MSAR Government in 2003

Madam President, members of the Legislative Assembly,

Let me now explain the priorities of the SAR Government in 2003.

1. Implementing development plans and boosting business and employment

Since the Government's plans for the development of Macao's industrial structure have now been widely accepted by the community, we need to continue our work by implementing our supporting development plans. In the coming year, the primary efforts of the SAR Government will be directed towards facilitating further economic recovery, promoting business and employment and more rapidly optimising our industrial structure.

Under our planned industrial structure, tourism and the gaming industry remain our development priorities. The time is now favourable for building a world-class gaming industry and improving its related services, thus

enhancing the industry's competitiveness and the dominant role it plays in Macao's economy. Improving the gaming laws, reinforcing regulations and training gaming professionals are policies that complement the liberalisation of the gaming industry and are indispensable to its continuing improvement. Regarding the development of the tourism industry, the Government will continue to accelerate the construction of tourism "hardware", promote tourism in a focused and effective manner, and, most importantly, enhance the quality of service. It will tap the existing potential of local tourism by designing theme tours with unique characteristics and it will share resources with other parts of the region to everyone's mutual benefit. The Government is also determined to amend relevant laws and bolster law enforcement to better regulate the tourism market. We call for industry professionals to build an ideal environment for tourism as they pursue their own business development. The tourism industry's healthy development as a major local industry relies on a caring and supportive public, for a high-class tourism destination can never be built in a society without good public order. In addition, the Government will devote more effort to tourism research and to harnessing the power of the tourism and gaming industries to drive the wholesome development of other related industries.

The guiding principle of Macao's industrial structural reforms will be to highlight the strong sectors of the economy, while valuing diversity. As a result, an integral part of the Government's programme next year will be to develop new areas of economic growth. By carefully evaluating the competitive advantages and potential of the SAR, the Government will continue to develop and support newly emerging industries, such as the convention and exhibition industry, offshore services, logistics, Chinese medicine and industries related to the environment. The Government will also capitalise on the efforts of the Science and Technology Committee and the Macau New Technologies Incubator Centre (Manetic), as well as the encouragement of the Science and Technology Development Fund, to ensure that the development of appropriate technology contributes to raising Macao's productivity. The Government hopes that by building and supporting newly emerging industries, the community will be invigorated and additional options for individual development provided.

A number of major construction projects in Macao are currently being planned or due for completion. Considering their long-term nature, they are being built with both safety and quality in mind. In order to tackle the root of the transportation problem, the Government will start to plan for the introduction of a new mass transit system. It is also one of our priorities in the coming year to improve our cooperation with our neighbours in the area of cross-border transportation. We will work to establish closer ties between Macao and the central Government, as well as between Macao and its adjacent regions. We also hope to reach a decision concerning a detailed technical plan for Macao's section of the Beijing-Zhuhai Expressway. In regard to the proposed cross-border road network connecting Guangdong, Hong Kong and Macao, we remain enthusiastic about the idea and will give it our full and complete support.

The many small and medium-sized enterprises in Macao play a major role in our local economy. These SMEs have a relatively high flexibility and adaptability and have contributed significantly to Macao's development, also creating jobs for local people. However, quite a few of these enterprises are suffering from a dearth of capital or technology and from shortcomings in management. They have gained relatively fewer benefits from the SAR's economic recovery and some of them still have difficulty running their businesses. Therefore, the Government has made it a priority to commit itself to supporting small and medium-sized enterprises. It will try to create a better market environment for them by raising administrative efficiency, amending outdated industrial and commercial regulations and bringing local accounting systems up to international standards. By continuously expanding our external economic and trade cooperation, we are actively creating more development opportunities for these enterprises. The Government will provide additional assistance to them by reviewing its own experience, coordinating and enhancing the work of supporting organisations and investing additional resources in the following four areas: production technology, management, providing relevant information, and providing complementary business services. At the same time, the Government will encourage and support related organisations to implement service programmes for small and medium enterprises. In the coming year, the Government will also launch a series of short-term programmes to pump up these enterprises as a whole as a means of enhancing the Government's support.

Although the local economy has picked up, unemployment remains a pressing issue. The SAR Government feels and understands the hardship faced by the unemployed and is working hard to alleviate the situation. The factors leading to unemployment are complicated. While the stresses arising from structural unemployment have become increasingly evident, the Government is trying to solve the problem through a comprehensive and phased approach. Where job supply is concerned, the Government will initially focus on promoting overall economic recovery and stimulating the market in order to create a better employment environment. As numerous large-scale construction projects initiated by the Government will be well underway next year, while several large private construction projects are being rolled out, it is expected that the problem of unemployment in the construction industry will be relieved. At the same time, the Government will try to promote flexible employment in areas like environmental hygiene and urban beautification.

The service industry lies at the heart of Macao's economic structure and its healthy development will help to promote employment. However, the service industry nowadays primarily requires well-educated labour of a high professional standard, something that Macao cannot completely provide. In order to minimise unsuitable match-ups, the Government will work with the community to improve the training of existing and potential employees. Secondary industries, including the construction and manufacturing industries, will also have to raise the quality of their labour. In light of the current need for qualified local labour, the training programmes that we launched last year will continue after being evaluated and modified accordingly. At the same time, we will find ways to create synergies with existing private training systems.

The Government will also make significant investments in traditional industries to maintain the diversity of Macao's industrial structure. Among them, the manufacturing industry, being labour-intensive, will help to create stable employment within society, and its sound development will help to benefit the financial, insurance, transportation, import and export and other industries associated with it. In order to maintain the manufacturing industry's competitive power so that it can handle any future challenges, the Government will also launch a series of efforts to ensure the industry's continuing development and to raise its standards. The SAR Government will also work to rally the support of the central Government and the Guangdong provincial and Zhuhai municipal governments for the implementation of a cross-border industrial zone development plan.

In the area of Macao's human resources, the SAR Government must take the initiative in developing the qualified personnel needed to meet the requirements of future economic development and to complement new areas of economic growth. In the first place, we must do our best to train local professionals, but when faced with a shortage of any kind, we must consider ways to encourage the admission of professionals. Importing an adequate number of professionals is a way to satisfy the development needs of society and is, more importantly, a way to encourage the growth of local professionals and raise the competitiveness of our local people. Also, by means of strict regulations, we will prevent any abuses in the use of professionals that may adversely affect the employment of local people.

The Government has set up the Human Resources Development Council to solve the problem of how to raise the quality of Macao's human resources. In order to be able to give astute and practical advice, the Council will conduct continuing in-depth studies in areas that include human resources development and professional training.

2. Bolstering regional cooperation and external relations

When the SAR Government considers the future industrial structure of Macao and takes into account its resources and competitive advantages, as well as various other factors, we are led to an inescapable conclusion: Macao must increase its cooperation with its regional neighbours as well as internationally. The future development of Macao's economy will require a much larger degree of this kind of cooperation. Macao can realise sustainable development only if it has access to neighbouring regions and receives strong support from them. Looking at the international picture and at China itself, we find that the pace of globalisation has not slowed to any appreciable degree despite the temporary economic restructuring that has taken place. At the same time, regional economic cooperation and integration is an unmistakable trend. In regard to Macao's neighbours, new insights, new challenges and new opportunities present themselves in the rapid integration of China and the ASEAN countries and the speedy growth of the Yangtze River Delta. All this suggests that an integral part of the SAR Government's administration in the coming year and in the future will be to reinforce and develop external cooperation and to enhance the beneficial effects of regional cooperation. A

medium-to-long-term strategic goal of the SAR is to integrate its economic development with neighbouring areas.

Both the SAR Government and the people of Macao realise that external cooperation must take place quickly and that we should strive to achieve early and substantial results. All the relevant Government departments involved in this effort should be prepared to facilitate the early implementation of such plans. However, since this initiative will affect the long-term development of Macao and the welfare of our next and future generations, we must plan thoroughly and carefully. We must also advocate the ideal of co-development, along with the necessary international vision and a heart that embraces all possibilities. We should focus on mutual long-term advantages and benefits and the sharing of strengths in order to realise win-win or multi-win results, eliminating short-term gains that focus only on quick results and minor benefits.

We need to develop external cooperation through a variety of channels and at multiple levels. While the Government will carry out its designated functions, we must also realise the potential of an enthusiastic public, encouraging it to boldly and confidently participate in external cooperation. We will reap greater returns with less effort when the Government works hand in hand with the public. To make external cooperation successful also calls for self-improvement. If we want Macao to become a regional economic and trading service platform, we must improve both our “hardware” and “software”. The exchange of information through visiting sites is only one part of the cooperative process. It is also critical that both the Government and the public continuously maintain and support such external cooperation, for it is only then that we can build a strong foundation and achieve the best results.

“Reaching out and inviting in” is the basic strategy that we will use to foster and promote external relations. By following this principle, we will create opportunities for Macao to build many different kinds of cooperation platforms as well as to promote its local exhibition and convention industry. With regard to international relations, we will continue to develop bilateral and multilateral cooperative relationships. In particular, our long-term strategy to fully exploit Macao’s comparative advantages is to steadily develop East Asian and Portuguese-speaking markets. It may require a greater effort to enter these developing markets as they are more or less immature, contain a certain amount of risk and may not promise short-term returns. However, being in their developing stages, these markets are places where we can find more room for development and more business opportunities. Since Macao has similar conditions, it finds itself in a better position to exploit such markets. Making the most of our advantages in areas such as a historical relationship, language, operating costs, an attractive social environment and personal relationships, we will be able to build economic and trade partnerships with small and medium-sized enterprises in the mainland, East Asia and Portuguese-speaking countries and areas. We are confident that through the joint efforts of the Government and the public those developing markets that are undervalued by most others will gradually yield major development opportunities for Macao.

After reviewing the history of Macao and analysing our current situation, we realise that Macao's development is inseparable from that of its motherland. Looking around the world, we can see that the growth pole of the world lies in China. Given its geographical advantage, Macao has no reason to refrain from taking the initiative to reinforce its cooperation with the mainland. The MSAR Government will actively support the work of the Mainland-Macao Joint Committee on Trade and Commerce and encourage its efforts to promote trade and commerce between the two areas. The exchange and cooperation between Macao and mainland cities should go further and be more extensive.

Regional cooperation is our recent major focus. The Pearl River Delta in which we are situated is blessed with years of experience and with the advantage of the "One country, two systems" policies of Hong Kong and Macao. Therefore, we will bring a host of new development opportunities to Macao by expanding our cooperation with other Pearl River Delta region areas. At the same time, we need to put more effort into breaking the barriers to regional cooperation. We have already had many positive experiences from our cooperation with Guangdong and Hong Kong in tourism and widespread cooperation with neighbouring Zhuhai. In the coming year, we must build on existing foundations and move forward in a practical manner and with new ideas to quickly reap the benefits of cooperation. On the other hand, both the Government and the community have already established preliminary connections with a number of mainland cities and have gained a certain amount of knowledge about their local development. Our next step will be to seize the opportunity represented by these connections and to build an economic and trade service platform with mainland China, actively promoting the mutual benefits that will result to participating enterprises on both sides of the border.

Regional cooperation involves much more than economic affairs. We need to actively promote cooperation with neighbouring regions that is all-inclusive and covers cultural affairs, education, tourism, public order, health care, transportation, infrastructure and more. Such comprehensive cooperation will result in a continual increase in our mutual benefits.

3. Pursuing administrative reforms and enhancing service quality

In the coming year, the MSAR Government will put its emphasis on consolidating and expanding the fruitful outcomes of our earlier administrative reforms. On this basis, we will map out a more integrated, visionary, precise and flexible plan, setting out an optimum and vigorous path to reform that will include even more profound and wide-sweeping changes.

Public administrative reforms fall into two categories, mechanism and personnel. For the former, "integrated service" and "performance pledges" stand at the forefront of the current reform process, with the goal of providing citizens with convenient and efficient service. Strategically speaking, the overhaul of public administration should begin here. Therefore, the Government will make a greater effort to put this at the top of its agenda. In

the coming year, in addition to promoting and extending “one-stop service” and “performance pledges”, the Government will push forward its plans for building a comprehensive, multi-functional “one-stop” civil service centre. At the same time, we will reinforce the infrastructure of electronic government to make it easier for the public to look up government information and carry out administrative formalities. We will continue to perfect internal operations, optimise administrative procedures and enhance interdepartmental communication and cooperation.

Regarding personnel, in accordance with the Basic Law, the Government will take steps to revise the regulations concerning the salary scales, employment and promotion of career civil servants by amending the laws and regulations. The objectives are straightforward: those at the senior level should know how to evaluate and make the best use of their staff, while only those who have proven themselves capable should be assigned to do the job. We will complete these revisions, with the intention of broadening the evaluation system to include supervisory staff in the hope of motivating them to perform more capably. We will also step up the monitoring of various rules, regulations and financial systems, standardising and rationalising the auditing procedure for government accounts. Those persons found guilty of breaching discipline or committing acts of corruption or dereliction of duty will be severely punished. To aggressively deter wrongdoing, we will study ways to improve relevant disciplinary procedures, guaranteeing impartiality at the same time. The Government will also continue to improve its training of civil servants. Emphasis will be placed on programmes designed to enhance the versatility and policy-making abilities of senior personnel and supervisory staff.

In the coming year, the Government will adopt several new measures to facilitate the greater involvement of Macao’s citizens in public administration. Based on the existing mechanism for dealing with complaints against a specific department and in keeping with the uniqueness and complexity of the complaint, we will set up an interdepartmental, across-the-board task force to handle such complaints. Beginning next year, in the realm of civic affairs, the Government will also improve its direct communication between senior civil servants and citizens. Apart from conducting regular public meetings to which everyone is invited, leaders and supervisory staff of the Civic and Municipal Affairs Bureau will visit their public service branches in various districts, learning from real-life situations and listening to public opinion. In addition to the input from Macao’s citizens, Macao’s implementation of public administrative reform will be shaped by the experiences of foreign countries and the mechanisms they employ in their respective systems. We will consult, compare and learn from others, gradually introducing the ISO Quality Management System to more departments. Motivated by this advanced international standard, the MSAR Government departments will maintain their high quality of service.

Speaking of reforms, both in concept and implementation, we must promote good practices and weed out corrupt ones. However, operating procedures and services that have proven to be effective and have the support of the citizens should not be abolished. Still, we must move resolutely in the

direction of reform, but always keeping reality in mind. We need to take into consideration society's overall level of development and its capacity to accept change. We should also weigh the impact that such changes will have on the day-to-day operation of the departments concerned. We must not be too anxious for instant results or overnight success. Reform always involves dealing with complicated situations and the effect that reform has upon individuals is never constant, but varies tremendously, depending on the individual. During the reform process, we should pay careful attention to the feelings and sentiments of civil servants to ensure that they support the changes we make and will continue to carry out their duties with their typical high morale. As the adage puts it, "Haste makes waste," so if reforms are carried out hurriedly, the desired goals may not be achieved and new problems may arise. If that should be the case, it would be hard for us to face the public.

In the coming year, the Government will finish the short-term part of the "Short-term and Mid-term Law and Regulations Drafting/Revising Plan" and immediately embark upon a new stage of the plan. We will call upon industry professionals to join forces with the Government to more quickly implement the plan, bringing the legal system of Macao into alignment with its social development with the goal of making speedy improvements and reforms. Regarding Article 23 of the Basic Law, the Government will begin its statutory procedure next year after extensively canvassing public opinion.

Economic and urban development, as well as Macao's increasing contact with the rest of the world, has given rise to new social needs. Among them, the importance of public safety cannot be ignored. Beginning next year, the Government will bolster public safety in a variety of areas. We will strengthen the police training programme and the deployment of our police forces. We will improve police reaction time and increase our efforts to combat and deter criminal behaviour. In the case of natural disasters and emergencies, we will put preventive measures in place, devise contingency plans and properly handle all follow-up work required. Community service is also one of the key issues in next year's agenda. We will promote the functional integration of public service centres and civic centres to ensure a more appropriate distribution of such services in all districts. We will also enhance community police work, promoting cooperation between the police and the residents of Macao, providing them with ancillary services that complement those that already exist. We will work more diligently to build a community of integrity that will curb the incipient threat of corruption. We will adopt measures to improve traffic management, fixing accident "hot spots" in order to enhance road safety and ensure the smooth flow of traffic. We will extensively promote a quality health care service, legal awareness and health education in the community. We will also improve Macao's library services and cultural and recreational activities. We will renovate districts to make the environment more pleasant and develop a network of multi-functional leisure and recreational facilities. We will pay special attention to establishing parks and green spaces in Macao.

As for social welfare, the Government will, as it currently does, continue to work with volunteer organisations that deal with various social problems. We will bolster the services provided to the disabled and to abused women, as well as to the hotline services that exist for people in crisis. Relief work for the underprivileged should not be sloughed off; on the contrary, it should be carried out with greater care and attention.

4. Striving for educational excellence and consolidating humanistic traditions

Education is the humanistic foundation of social development, the ethical base of social harmony. Past, present or future, education exists as the bedrock of Macao. The Government will provide sufficient resources to the education system, while striving at all times to ensure its excellence. Nowadays, if we continue to adhere to established ways, focusing on quantity instead of quality, chances are that we will be unable to keep abreast of the times or meet future challenges, failing to reach our goals as a result.

Be it at the level of university, secondary or primary school, we need to be passionate advocates of moral and civil education in those institutes. Our goal is to let students establish their own sense of right and wrong, personal integrity and ethical principles. We care for our country and our community. We are kind, honest, diligent and eager to make progress. I hope that through education this humanistic tradition will thrive and flourish for years to come. We also need to change from a traditional one-dimensional learning paradigm to a holistic paradigm, one that embraces education in all its diversity, namely, moral, intellectual, physical, social and aesthetic education. In the intellectual field, schoolwork should be reduced where appropriate and teaching methods that inspire creativity should be encouraged. We need to make sure that students understand what they have learned and nurture their thinking powers, so that they can grasp the knowledge to be found in books and apply it to daily life. We need to teach them inside the classroom, yet encourage them to learn outside it. We must make sure that students stay in touch with society, feeling its pulse and breath. After all, this is the stage where they will soon participate in life's drama, using their skills and ability to make their way in the world.

The key to successful education is the quality of the teacher. For the purposes of tertiary education, the critical need is to recruit an experienced and highly qualified teaching staff. To achieve this goal, building on the already solid basis of the current teaching force, the Government will invite internationally acclaimed scholars to take up posts in Macao. In non-tertiary education, besides continuing to launch professional training programmes for teachers, the Government will target supervisory personnel in schools, providing them with management courses. Furthermore, we will formulate a comprehensive "school evaluation" mechanism to improve the quality of school administrations and of teaching methods. Next year, the Government and the public will explore a development strategy for non-tertiary education as a preparation for revamping Macao's educational system.

Building the character and intelligence of young people is an important aspect of education and always a concern of society. Family, school and society all exert a significant influence on today's youth. If their positive nature and potential is stifled or fails to find an outlet as they grow up, negative behaviour may be the result. Consequently, we will bolster close cooperation between the family, school and society, promoting harmonious family life and parent-child relationships. We will also enhance family education and schooling, making them more interactive and complementary. We will encourage young people to engage in healthy and interesting social activities and to make good use of their leisure time by cultivating worthwhile hobbies, leading a full life and developing their true selves.

Macao is a city rich in history. Our cultural industries have a vitally important role in continuing this and should deeply affect all our lives. As part of the soul of Macao, they gladden our hearts, increasing our affection for the SAR and creating a truly unique cultural identity. They then contribute to the lasting vitality of the whole community.

Cultural industries have to be both professional and popular. If they are not professional enough, their standards cannot be raised; if they are not popular enough, they will become narcissistic. The two sides need balanced development. The Government will endeavour to raise the professional and teaching standards of those in the artistic professions, bolstering the calibre of Macao's talented artists and craftsmen. We will also hold a variety of cultural and artistic activities at every level and encourage the cultural industry to put its roots down deep into the community, embracing all walks of life. Consequently, the opportunity for artists to display their talents and for the ordinary person to enjoy art will be simultaneously cultivated. In the long run, the potential for the overall development of Macao's cultural industries resides with those of the next generation. We need to increase the relative proportion of cultural and artistic education at every educational level in Macao.

As a result of tourism and Macao's contacts with the rest of the world, the SAR's cultural industries are always noticed, supported and encouraged by the international community. We need to fashion these various advantageous external factors into the impetus for self-development. In light of the sophisticated experiences and standards of foreign countries, the Government will complete its task of applying for World Heritage listing for its various groupings of historic buildings and sites. On this basis, we will also advocate that academic research be conducted into local history and culture and that the landmarks and relics of Macao's cultural heritage be preserved and conserved wherever possible. We not only need to launch spectacular international artistic galas, but also to capitalise on these kinds of occasions by sending local artistic enterprises outside Macao to take their rightful place on the world stage.

The library is the logistics centre for the cultural industry, providing the public with mental nourishment and stimulating the intellectual development of society. As an institution, the library has enduring importance. Apart from planning a new building for the Central Library of Macao, we will more fully

integrate the various kinds of libraries in Macao and their acquisition policies, thus enhancing the service that they provide to the public. We will foster among students and citizens a climate conducive to reading, launching relevant reading activities. At the same time, we also need to promote popular science. With the building of the Macao Science Center and the guidance of the Science and Technology Committee, young people's passion for science and truth will increase. In this way, society will gain a deeper understanding of science and technology and an environment dedicated to the pursuit of truth will be created in Macao.

As the host of the Fourth East Asian Games 2005, Macao's image as an international city will reach new heights. We will seize the opportunity to work closely with the general public to make our city more pleasant and exciting, a locale bursting with passion and vitality. Building on the performance of our athletes in previous international games, we will step up their training programmes and let them accumulate more experience, so that they can excel in their respective sports in the coming East Asian Games. By doing the necessary preparatory work for the Fourth East Asian Games, we will stimulate the development of the local sports industry, increase public awareness of the value of training for health and inculcate the spirit of striving for excellence.

Part III Adopting a holistic approach to Macao's development

Madam President, members of the Legislative Assembly, Macao is now making steady progress and its future looks more promising than ever. However, there are still problems to be solved and challenges to be faced. As we quicken our pace, we must keep a cool head and a practical mind. We have learned from the experiences of the past three years that sustainable development in Macao requires a peaceful and stable social environment and a motivating spirit of constantly striving for improvement. The people of Macao must be aware that we need to be united in our efforts and able to move with the times to succeed, and that we must always keep in mind the importance of the holistic development and stability of the MSAR. Such an understanding should become an essential part of every action we take in building Macao's future.

We need to first inculcate this holistic approach among our civil servants. Although each separate administrative unit performs a different function, all the units are interconnected, and their collective efforts will contribute to the efficiency and effectiveness with which we realise our ultimate goal. Therefore, civil servants in every department, especially those in a supervisory capacity, must adopt a holistic way of thinking and work together as a team, so that they and their departments will be in harmony with the progress of society as a whole. It is only when Government departments fully understand our administrative principles, share the same objectives and cooperate with each other in an integrated manner that the entire Government can move forward. It must be emphasised that a holistic approach does not mean neglecting democracy or forcing all people into the same mould.

Without diversity, Macao would gradually lose its distinctive characteristics. We need to pursue democracy and solicit opinions when formulating principles or making decisions; however, once these ideas or decisions are arrived at, we won't look back, but will wholeheartedly commit ourselves to their implementation.

This holistic view should also permeate the thinking of the general populace. We all know that certain enterprises or individuals are naturally the first to benefit from economic restructuring. However, a holistic and orderly approach will ensure the sustainable development of individuals and of society at large, whereas a short-sighted approach and a hunger for quick results will damage our own and society's interests. Therefore, we should be reasonable and practical when considering our capabilities. The bursting of the bubble economy and its bitter consequences inflicted lingering damage, teaching us a lesson that remains fresh in our memories. We should therefore guard against repeating past errors and act together to protect the long-term interests of Macao.

A holistic view has a distinct value and importance for a specific time. The concept of a holistic society is a contemporary and dynamic concept. Stability and development are two aspects of society as a whole. Stability is the prerequisite of social progress and actually serves to make progress possible. Therefore, a holistic approach does not mean being conservative or lagging behind the times. On the contrary, it is only by changing with the times that one can keep pace with a constantly-changing society or view the evolution of society as a whole as part of one's frame of reference.

The changing nature of society, together with the rapid development of the knowledge-based economy, is a constant reminder of the truth of the old Chinese saying, "When sailing against the current, if you don't forge ahead, you will be driven back." The only way to avoid being left behind is to improve oneself. To us, changing with the times means, first and foremost, an awareness that past knowledge and experience may not be suitable for today's development needs and that timely innovation and improvement is the only key to long-term success. Second, when one is falling behind others in society, it is even more important to change one's old mindset and expend even greater efforts in catching up to others if one is to successfully participate in the productive development of the entire society.

In conjunction with the opening-up of Macao, new concepts and ways of doing business, as well as new ways of working and living, are taking hold, developments which are favourable to the growth of Macao as a whole. Because of such things, we can clearly see that some local enterprises and individuals are continually improving themselves, making bold innovations, increasing their competitive advantage and steadily maturing in their interactions with external parties. Yet such foreign or rapidly developing new local enterprises pose a considerable threat to business operators and citizens who are wedded to the past and unable to adapt to changing circumstances. If these enterprises or individuals remain stagnant or

dependent upon others, they may fall upon hard times and be unable to share in the fruits of the economic recovery.

The development of Macao requires the shared efforts and endeavours of the Government and the general public. The local populace should strive for self-improvement, while the SAR Government should provide assistance to those enterprises or individuals truly in need. We have already wrapped up the short-term measures that we implemented last year and have reviewed both our achievements and our shortcomings, with a view to remedying any deficiencies where appropriate. In accordance with social needs and realities and without over-estimating our actual capacity, we have decided to implement the following policies in the coming year:

Tax cuts:

Continue to cut income tax on all employed citizens by 25 percent.

Continue to waive all business tax in the coming year.

Continue to cut real-estate tax of industrial, commercial or residential units by 500 patacas. Real-estate tax of less than 500 patacas will be waived.

Continue to waive all signboard tax on all businesses in the coming year.

Continue to waive all tourism tax on Chinese and western restaurants.

Following these tax cuts, the Government's tax revenue in 2003 will be reduced by around 250 million patacas.

Supporting small and medium enterprises and promoting employment:

Launch a credit guarantee plan for small and medium enterprises. A credit guarantee fund for SMEs will act as a guarantee for their applications for bank loans. Each loan should not be larger than three million patacas and the guarantee rate will be 50 percent. What the loan is applied to is not subject to any limitation. The total amount of all loans should not exceed 400 million patacas. This credit guarantee plan does not apply to the financial or entertainment industries.

Launch a topical credit guarantee plan for SMEs. A credit guarantee fund for SMEs will act as a guarantee for their applications for bank loans. Each loan should not be larger than one million patacas and the guarantee rate is 100 percent. The loan must be used for development, restructuring or innovation. The total amount of all loans should not exceed 100 million patacas.

Launch a loan plan for the business improvement of small and medium enterprises. Through an industrial and commercial development fund, we will provide interest-free loans to small and medium enterprises. Each loan should not be larger than 100,000 patacas. The use of the loan must be limited to renovation or the purchase of equipment. The total amount of all loans should not exceed 100 million patacas.

Finance business start-ups. We will implement a business start-up financing plan designed especially for young people starting businesses and for

creating jobs. The total amount of the subsidies should not exceed 100 million patacas.

Within the first half of next year, finalise the simplification of the approval procedures for restaurant and bar licence applications.

Within the first half of next year, significantly simplify the application procedures for facade renovation, beautification and small-scale renovation projects.

Supporting the underprivileged community:

Additionally allocate 20 million patacas to provide special assistance to three types of underprivileged families: single-parent families, families with handicapped members and families with chronically ill members.

Add 10 million patacas to the budget of the teaching supplies allowance to help poor students.

Improving the quality of human resources:

Continue to implement the 400-million-pataca training project initiated last year to provide standardised and focused training to unemployed persons who have not yet finished secondary school as well as to service industry professionals and tertiary institute graduates who are unemployed.

Strengthening infrastructure and responding to internal needs:

Next year, the Government will continue to expand its investment in public works, committing 1.8 billion patacas to infrastructure projects. These major public construction projects will create over 8,000 jobs for local citizens.

In order to better reflect the overall changes within society, the Government will finalise amendments to the tax regulations. The personal allowance will be raised from 85,000 patacas to 95,000 patacas and tax rates will be lowered from 10-15 percent to 7-12 percent. At the same time, civil servants and others who were previously tax-exempt will now be included in the system, so that we can honour the principle of fair obligation within our society. Before the amendments are finalised and put forward for discussion in the Legislative Assembly, the Government will consult with civil servant groups and other organisations.

In implementing the above policies, we should first emphasise that these initiatives are a demonstration of the Government's support during a specific time-period to certain individuals and enterprises that find themselves in difficult circumstances. They are catalysts that can stimulate short-term improvements in society, but must not be viewed as long-term solutions. Second, the SAR Government hopes to lessen disparities in standards of living, business operations and employment in an attempt to encourage a cohesive community in which the people of Macao will be able to work together in harmony for everyone's mutual benefit. Third, since the MSAR

does not have an enormous financial reserve, the Government should not and will not spend its money without restraint and in a way that would be damaging to the foundations of the SAR. The Government will strictly control its expenses to build up its reserve and create an even stronger base for the future development of Macao.

Conclusion

Madam President, members of the Legislative Assembly,

As we move forward into the future, the fundamental qualities of Macao itself will provide us with our most enduring support. The Basic Law of Macao provides the legal framework and foundation for the sound development of the society, while the time-honoured tradition of loving our country and loving Macao is a powerful unifying force. When the SAR began to look to the future, the citizens of Macao, who have a long tradition of patriotism and a deep love of Macao, joined together under the protection of the Basic Law and worked very hard so that the SAR would continue to recover and gradually prosper. This was a memorable experience for us all. Today, Macao is entering a vigorous new stage of growth. As we fully implement the Basic Law and express our patriotic spirit, we realise that if we adopt a holistic approach to the development of Macao, one that combines innovation with a willingness to change with the times, we will achieve prosperity sooner rather than later.

The SAR has already made important progress in two key areas. First, we have opened up our economy; second, we have taken steps to reform our public administration. These two initiatives have become defining features of Macao's development. They address its immediate and long-term development needs, while being in step with global development trends. As such, they enjoy enthusiastic consensus among the people of Macao, who have demonstrated their resolve to control their own destiny, based on the principles of "One country, two systems", "Macao people governing Macao" and "A high degree of autonomy".

Today, the development and future of Macao appears bright, yet the territory faces a challenge in utilising its strengths in the service of the SAR's administrative objectives, whether these be natural and human resources, the myriad talents of its citizens or the unique qualities that Macao possesses. To meet this challenge, civil servants at various levels and in every Government department need to make the most of their abilities, offering the best possible services to the public. They must also act within reasonable limits, guarding against being overly ambitious in their desire to do great things. We need to act in a practical manner, intelligently applying priorities to our daily work. We must not hurry our progress needlessly, compromising quality or effectiveness as a result. It is better to err on the side of caution, rather than achieve hasty results that may be damaging to the people's interests. We should also cut back on those projects that deliver only a few social benefits. Through enhanced departmental cooperation and resource sharing, we can also minimise repetition that squanders resources. The time and energy thus saved can be used to make improvements to operating procedures so that the

Government can provide Macao's citizens with the best range of services using the least resources.

Overall, we must keep our fingers on the pulse of development around the world and grasp opportunities and needs as they arise. We must have a humble heart when learning and adjust our strategies as required to meet future challenges. We must open our minds to different ideas and experiences and confront new challenges even if they present us with previously unencountered difficulties. Let us consolidate and build at the same time, inherit and bestow as we work in new and innovative ways to help Macao move forward. It is important to advance boldly and fulfil our obligations, valuing freedom and responsibility equally. We must not let quick benefits supersede long-term development and stability. We must practise patience. We must not sacrifice the interests of the people as a whole for the benefit of a few individuals, compromise all of society for any one part of it, or sacrifice diversity for uniformity. We must never disregard the future by focusing only on the present. Our road may be long and rugged, but our goal is clear and worthwhile. We believe that because of the hardworking spirit of the people of Macao, because of their organisation and perseverance and innovation, because of their devotion to the society in which they live and because they have the courage to give as well as receive, we will succeed in creating a brilliant future for Macao.

Before I conclude, I would like to extend my gratitude to the Legislative Assembly for its supervision of the Government and for its cooperation. The Government will continue to work closely with the Legislative Assembly and ensure that our administrative and legislative work fulfils the expectations of Macao's citizens and remains responsive to the continuing development of society.

Last but not least, I would like to thank with all my heart the citizens of Macao who have given their valuable cooperation and strong support to the SAR Government.

This is the end of my policy address. Madam President and members of the Legislative Assembly, I thank you all.