

Review of the Government's Work in the Fiscal Year 2019

**Macao Special Administrative Region (MSAR)
of the People's Republic of China
12 November 2019**

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**Ten Years of Policy Implementation for
Achieving Long-term Stability**

Review of the Government's Work in the Fiscal Year 2019 and the Financial Budget for the Fiscal Year 2020 of the Macao Special Administrative Region (MSAR) of the People's Republic of China

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Chief Executive

12 November 2019

Preface

President, members of the Legislative Assembly,

In accordance with the Basic Law of Macao, and on behalf of the Macao SAR Government, I now present to the Legislative Assembly plenary meeting the Review of the Government's Work in the Fiscal Year 2019 and the Financial Budget for the Fiscal Year 2020 for its debate and examination.

In the past year, despite the increasing uncertainties in the internal and external environments, complicated difficulties and challenges and downward pressure on the economy, the MSAR Government has upheld the principles of "One country, two systems", "Macao people governing Macao" and a high degree of autonomy, tackled challenges head on, and adhered to a general approach of making progress while ensuring stability, to fully implement the policy goals of maintaining stable employment and a stable development outlook.

The overall unemployment rate remained low. The Government continued improving people's livelihoods, implementing various construction projects and maintaining social harmony. The financial status of the Macao Government remains solid. By the end of September 2019, Macao's basic reserves amounted to 148.89 billion patacas, while the excess reserves amounted to 424.59 billion patacas.

For the fiscal year 2018, the budget surplus totalled 53.87 billion patacas. At the closing settlement of the fiscal budget for 2018, the excess reserves will amount to 478.46 billion patacas, and the total reserves will be 627.35 billion patacas, with foreign reserves of 171.02 billion patacas. Macao's Five-Year Development Plan was implemented satisfactorily, with a completion rate of 90 percent as of the third quarter of 2019.

We have successfully completed the fifth Chief Executive election, and we are committed to supporting the formation of the new administration. We believe that the Macao SAR will steadily move forward to a new era, and enter a new stage of development.

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Part One: Review of the Government's Work in the Fiscal Year 2019

President, members of the Legislative Assembly,

I would like to briefly summarise the Government's Work in the Fiscal Year 2019.

I. Improving livelihood policies and measures

We always uphold the policy-making principles of pursuing people-oriented development and sharing our achievements, deepen formulation of the social security system, housing, healthcare, education, talent cultivation and a long-term mechanism for disaster prevention and mitigation, and continuously improve various livelihood-related policy measures.

(1) Developing a more robust social security system

To consolidate the two-tier social security system, early in 2016 the Government finished injecting an extra 37 billion patacas into the Social Security Fund. In addition, the bill on consolidating the financial resources of the Social Security Fund was formulated this year. After meeting the basic reserve requirements, three percent of the central executive budget balance by the end of every fiscal year is designated for the Social Security Fund, to provide fundamental financial support for the fund's future sustainability.

To continue improving the social security system, we provided comprehensive support and multi-level coverage, and integrated short-, medium-, and long-term policies to improve livelihoods and foster equality.

We strictly implemented medium-to-long-term plans for several social assistance and social services – including old-age protection and rehabilitation services, as well as maternal and child services. We upheld our principles of sharing development and prosperity by enhancing universal welfare measures, such as the Wealth Partaking Scheme, injecting funds into Provident Fund Personal Accounts, birth allowance, the Continuing Education Programme, water tariff subsidies and electricity bill subsidies.

We drafted the bill on Professional Accreditation and Licensing for Social Workers, to facilitate professionalisation of social workers and protect the rights of social service users.

(2) Pragmatically promoting the development of Macao into a modernised liveable city

The Government upheld the public housing policy “Public housing as the core, supplemented by the Home Ownership Scheme”. We completed the amendments to the Legal System for Public Housing and the mechanism for

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applying for regular public housing, provided rent waivers for public housing tenants for the whole year for the fifth consecutive year, and provided temporary housing subsidies to eligible families on the waiting list for public housing. The application process for Home-Ownership Scheme housing was reopened.

We made good use of the new urban reclamation area and existing land to increase housing supply, especially public housing, and construct public facilities. We completed reclamation of the New Urban Reclamation Zones A and E1, and commenced design work for the four Home Ownership Scheme lots and one public housing lot in the first phase of Zone A. Work on the Mong Ha Public Housing project resumed. We completed a feasibility study on public housing projects on Avenida Wai Long, Taipa, and commenced site formation works.

We spared no effort in recovering idle land and increasing land reserves. By September 2019, the land grants for 77 plots of land with a total area of over 670,000 square metres were revoked; 23 plots of land with a total area of 230,000 square metres were resumed.

We coordinated the plan for future urban development from a more macro perspective, by specifying the principles, concepts, values, functional setup and overall direction; and promoted the preliminary plan for an urban development master plan, to strive to build a better Macao.

A government-owned urban renewal corporation was established, to focus on implementing urban renewal work. We have begun registering eligible applicants for purchasing replacement housing according to the law, conducted a public consultation on Legal System Governing Urban Renewal, and listened to public opinion on major issues such as the property rights percentages of redeveloped buildings.

To promote sustainable development of the real estate market, the property tax rate for leased properties was adjusted this year, to encourage an increased supply in the real estate rental market.

(3) Implementing the Development Strategies of Letting Macao Thrive Through Education and Building Macao with Talented People

Education is the foundation of national development. It is the fundamental way to improve the quality of local human resources and strengthen humanistic development, to safeguard the sustainable development of Macao.

Regarding the development of non-tertiary education, apart from consolidating the 15 years of free education, the Government continues to increase funding and subsidies for each education level, according to policies guiding the funding of education. Starting from this year, the Framework of Formal

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Education Curriculum by-law and the Requirements for Basic Academic Aptitude of Local Education System cover every stage of formal education, to lay a solid foundation for improving curricula and teaching.

Since 2003, the Government has participated in the Programme for International Student Assessment (PISA), and the results have been steadily improving. In PISA 2015, Macao was ranked third in mathematical literacy, sixth in scientific literacy and 12th in reading literacy among the 72 countries/economies. Macao was also recognised as one of the five countries/economies that could provide students with fair, quality education.

Over the years, Macao students have participated in local and international competitions, won numerous awards and made great achievements, demonstrating a consistent improvement in students' qualities.

The Government has strengthened popular science education and cultivated students' innovative ideas. We completed an evaluation of IT education to foster the development of related courses, expedited legislation regarding the Special Education System, and increased financial and human support for education-related work. To fully build a knowledge-based society, the third phase of the Continuing Education Programme was completed this year.

In 2014, the new campus of the University of Macau in Hengqin was officially inaugurated, marking a new milestone of tertiary education development in Macao. To strengthen the tertiary education system, the Government completed the amendments to the Regulations on Tertiary Institutions, to implement reform of the tertiary education administrative structure and functions; refined the Tertiary Education Fund subsidy scheme to fully leverage the functions of the Tertiary Education Council, and strengthened support for professional development of tertiary teaching staff in Macao, to boost cooperation between the industrial, academic and research and development sectors.

The Government promotes the strategy of "Building Macao with talented people". Manpower is important capital and a foundation for promoting social development. Diverse, quality talents are conducive to achieving adequate economic diversification and enhancing employment competitiveness.

In 2014, the Manpower Development Committee was established, to coordinate talent cultivation. The Government has implemented the Macao Medium-to-long-term Talent Cultivation Plan – Five-year Action Plan, established a training base for cultivating talented individuals who are fluent in Chinese and Portuguese, and launched the Chinese and Portuguese Bilingual Talent Training, Education and Research Cooperation Subsidy Scheme for Macao Tertiary Institutions.

We have commenced studies on supply of and demand for professional drivers, the ageing population trend in Macao, and the flows of talented people and competitive trends, to enable a better understanding of the human resources and demand for talented professionals in Macao.

(4) Coordinating youth services and advocating the core value of our love for the country and for Macao

Young people are vital for building a better Macao. They are also participating in and witnessing the realisation of the Chinese Dream of national rejuvenation. The Government is concerned about young people's actual needs and their long-term development. We heed the opinions of youngsters and create favourable conditions for their growth, development and success.

The Chief Executive and relevant Secretaries led five delegations consisting of 500 talented young people to Hebei, Guizhou, Jiangsu, Guangdong and Hunan, to gain a better understanding of the latest progress within the country and boost young people's loyalty to the country.

The second phase of the Thousand Talents Programme commenced. The Government continues organising activities related to the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, to expand the scope of development for young people and enhance their overall strength. The Government continues launching youth programmes related to knowledge of national affairs and innovation, and voluntary poverty alleviation services, to deepen young people's understanding of the country's development.

During the year, the Government organised about 800 career-related activities for young people. Apart from delegations, the Government also organised 70 dialogue sessions between Secretaries, Directors and young people, to build a bridge for communication between young people and the Government.

(5) Strengthening the building of Macao as a healthy city

The Government implemented the principle of "Improve medical services and prioritise prevention" and strengthened building Macao as a healthy city, to improve citizens' health. Based on the foundation of optimising the primary healthcare services network, the Government increased investment of resources and enhanced cooperation between the Government, non-profit medical institutions and private medical institutions, to provide the public with better medical services.

We established the Macao Academy of Medical Specialists, and expedited amendments to the System for Professional Qualification and Licensing for Medical Workers, to continue improving medical services. To care for the elderly, we launched the Dentures for the Elderly Pilot Scheme.

To improve public health emergency response abilities, we strengthened contingency plans and staff establishment, and optimised public health information reporting and the disease monitoring mechanism, to improve regional synergy on health emergency responses. The Macao Emergency Medical Team passed the Category 1 accreditation of the World Health Organization (WHO).

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The construction of the Islands District Medical Complex was expected to commence in the fourth quarter of 2019, while the nursing academy is expected to be completed within this year. The Ka Ho Rehabilitation Hospital has commenced operations. Construction of the health centres at Rua da Praia do Manduco and Seac Pai Van also commenced.

We actively responded to the new demands for cross-border medical services and prepared for the construction of the health centre on Hengqin, which will be for local Macao residents. From July 2019, the Government encouraged Macao residents who live in Hengqin and hold mainland China residence permits to take part in Zhuhai's basic medical insurance programme, by subsidising the medical insurance fees for eligible children, primary and secondary students, and senior citizens.

We promoted two-way development of popular sports and competitive sports, and improved and built sport facilities. The Athletes Training Centre will soon commence operations, to provide athletes with better sport facilities.

In recent years, Macao athletes have achieved good results in international competitions, showing constant improvements in competitive sports. The Government continued improving the layouts of recreational areas, increased children's playground facilities, and built the Taipa coastal recreational area and cycling tracks, in phases.

II. Expediting urban development

(1) Building a safe city and improving responses to emergencies

The Government implements the administrative principle of "Putting people first". With the public interest in mind, we strive to build a safe city to ensure national security and regional stability.

We strengthened mechanisms and legal systems by establishing the National Safety Commission, and cooperating with the Liaison Office of the Central People's Government in the Macao Special Administrative Region to organise the National Security Education Exhibition, in order to inform Macao people regarding legal governance and the results of work on safeguarding national security.

We continued strengthening the police force through technology, enhanced the efficiency and capability of law enforcement, and fostered cooperation between police and citizens to build a safe community. By stepping up efforts in combating and preventing crimes, we ensured that public order remained peaceful and stable. In June 2019, the Government announced the Cyber Security Law and Civil Protection Law, which have passed the first readings at the Legislative Assembly.

We strived to strengthen disaster prevention and mitigation abilities. We

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completed the amendments to departmental contingency plans, and continued to improve functions of various subsystems of the application platform that enables effective overall command during emergencies. At present, there are 17 emergency shelters, and four meeting points and emergency evacuation points, further optimising the emergency support mechanism.

To alleviate flooding in low-lying areas of the Inner Harbour, the construction of a rainwater pumping station and box culvert in the northern inner harbour has commenced, and flap valves were installed on the existing sluices. Work is underway on constructing sluices in the Inner Harbour, and the first phase of public display and opinion collection has commenced regarding the feasibility study for the master plan.

To ensure the safety of electricity and water supplies, the Government expedited construction of the third Guangdong-Macao electric power transmission channel. Currently, 60 percent of the electric cables have been installed. We have also enhanced power substations. to improve electricity supplies in low-lying coastal areas. Macao's fourth water supply pipeline from Zhuhai has commenced operations. We have expedited the construction of the Seac Pai Van Water Treatment Plant, and commenced work on expanding Ka Ho Reservoir.

The ten-year plan for disaster prevention and mitigation (2019-2028) was released, and implementation commenced. This includes 37 binding and anticipated goals, to enhance the contingency management system and the overall capability for implementing contingency measures.

(2) Promoting technological innovation to enable Macao to prosper through science and technology

According to the principle of enabling Macao to prosper through science and technology, the Government established clear directions and approaches for major areas of technological development, to achieve technological innovation, facilitate adequate economic diversification, and participate in overall national development.

In accordance with the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area, we developed an international technology and innovation centre and the strategic plan for a Guangzhou-Shenzhen-Hong Kong-Macao technological innovation corridor. We actively aligned with the national technological innovation strategies, and established a task force focusing on innovation, technology and development of a smart city under the Working Committee for the Construction of Guangdong-Hong Kong-Macao Greater Bay Area, to coordinate work on technological innovation and building a smart city.

With support from the Ministry of Science and Technology, we formulated the report on a study regarding scientific innovation and development strategy, to

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set a direction for developing innovative technologies in Macao. The Government and the China National Space Administration jointly launched Macao's first scientific satellite project, to create an innovative new model for science and technology cooperation between Macao, mainland China and other countries. We increased and optimised subsidies to support the four State Key Laboratories, and enhanced the education and scientific research capabilities of other academic institutions.

The Government's cloud computing centre has commenced operations, to provide a solid foundation for developing a safe, stable smart city. We installed and testing the first phase of smart lampposts; facilitated legislation regarding the Convergence of Telecommunication Networks and Services System, commenced preparations for rolling out a 5G network, and promoted mobile payment. During the first three quarters of 2019, the transaction volume of mobile payments greatly increased, to 6.4 times the total transaction volume of the previous year.

We implemented smart governance, and launched the One-stop Public Services Account and mobile phone apps to continue optimising and digitising public service workflows; optimised the development direction of smart tourism, and improved the accuracy of real-time statistics and forecasts of tourist flows through various technologies, to enhance the effectiveness of tourism management; provided more smart healthcare services, and launched the second phase of the Electronic Health Record Sharing System.

We facilitated smart transport, and integrated advanced software and hardware technologies to enhance transport effectiveness; strengthened coordination and cooperation, and strived to develop Macao as a smart city by consolidating technologies such as applied cloud computing, big data, artificial intelligence and the Internet of Things (IoT).

(3) Consolidating transportation management to establish an accessible city

The Government is highly concerned regarding transportation problems and their solutions, and integrates various transportation management approaches to create an effective, efficient and convenient green commuting environment.

We strengthened the regulation of bus companies, optimised bus routes and bus stop networks, and enhanced the Bus Travelling System. The amended Legal System Governing Taxi Services came into force in June, and played a significant role in greatly reducing illegal activities involving taxis. We continued increasing the number of taxis, which is expected to reach 1,800 by the end of 2019, representing an 84 percent increase compared to 980 taxis in 2010.

We formulated the Law of the Light Rapid Transit (LRT) System and established Macao Light Rapid Transit Corporation Limited, to create

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favourable conditions for the operation and development of the LRT system. We will soon commence operation of LRT Taipa line, and expedite the construction of LRT A-Ma station and its transport interchange.

We continued improving the walking route environment and expediting the design and construction of various pedestrian systems, including the skyway from Rotunda do Estádio to the LRT Stadium station, which was almost fully completed and will commence operation in tandem with the opening of the LRT.

We implemented the Master Development Plan of Macau International Airport and expedited the expansion of the airport. A new cross-border passenger flight between Taipa and Humen was launched.

(4) Improving environmental protection measures and promoting green development

The Government deepened green education, advocated green living and promoted public awareness of environmental protection, to achieve harmonious development between mankind and nature.

We implemented the Environmental Protection Plan of Macao (2010-2020), formulated strategies on controlling noise pollution sources, and promoted the use of natural gas and electric vehicles, to effectively control the intensity of carbon dioxide emissions and ensure that PM_{2.5} concentrations in Macao could meet World Health Organization (WHO) standards.

We enhanced urban greenery, built green open spaces, strengthened conservation of mangroves, and actively explored the potential for establishing green belts with mangroves.

We have stepped up efforts to reduce waste at source. To minimise the negative effects of plastic bags on the environment, the law on Restrictions on Using Plastic Bags will soon come into effect. We have commenced planning for establishing a centralised food waste processing facility, facilitated the expansion and upgrade of the Macao Central Incineration Centre, commenced optimisation of the Macao Peninsula Sewage Treatment Plant, and commenced a trial operation for regional transfer of scrapped vehicles to mainland China.

(5) Fostering cultural diversity and promoting ethnic harmony

The Government leverages Macao's unique cultural advantages and actively promotes Chinese traditional culture, to establish a multi-cultural exchange and cooperation base with an emphasis on Chinese culture.

To promote cultural heritage education, we continued expanding the network of cultural and tourism facilities, and completed construction of Seac Pai Van

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Library and Xian Xing Hai Memorial Centre. We attached importance to public demands for culture, created a cultural environment in people's lives, and organised arts events such as Art Macao, to manifest our own cultural characteristics.

We strived to promote ethnic harmony, and derived maximum benefits from the motivated Macanese and Portuguese residents in Macao, to consolidate and demonstrate Macao's role as a bridge and a hub between China and Portuguese-speaking countries. The Second Encounter in Macao – Arts and Cultural Festival Between China and Portuguese-speaking Countries was successfully held this year, promoting “people-to-people bonds” as advocated by the “Belt and Road” initiative.

III. Promoting stable economic development

The Government persists in focusing on economic development and people's livelihoods as our core administrative values, along with improving our quality of development and strengthening regional cooperation as the core principles, striving to maintain Macao's sustainable economic development and social stability.

(1) Maintaining healthy development of mainstream industries

The Government persisted with the principle of “adequate scale, sound management and sustainable development”, to achieve progress with orderly development of the gaming industry. Two companies were granted an extension of two years of their casino concessions or sub-concessions, so that all concession agreements on gaming operations will expire in 2022, creating a favourable situation for the launch of the next phase of work.

We improved legislation to strictly control the number of gaming tables and strengthen supervision of gaming operators and promoters. We continued encouraging gaming operators to invest more in non-gaming elements, in order to promote reciprocal development of gaming and non-gaming elements. We also promoted responsible gaming, and regulated gaming operators to ensure they fulfil their social responsibility

We adopted a tourism development model which centres on tourism and leisure, making the best use of integrated resort facilities and international entertainment and festive events, and deepening development of Macao as a Creative City of Gastronomy. We strived to promote the history and culture of Macao, and demonstrated our unique cultural tourism content, to guide tourists to engage in in-depth travel. We also made good use of pier facilities, explored new ferry routes, and launched the Macao Cruise route.

(2) Nurturing the emergence of diverse industries

The Government continued implementing policies and invested resources to

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support growth of industries, such as conventions and exhibitions, cultural and creative industries, traditional Chinese medicine and specialised financial services.

We enhanced administrative measures to support the convention and exhibition industry, and prioritised conventions as the development direction. We continued organising large-scale exhibitions, attracted more quality large-scale conventions to take place in Macao, and organised delegations of exhibitors to international and regional conventions, to enhance development of the convention and exhibition industry.

We pressed ahead with the development of the Guangdong-Macao Traditional Chinese Medicine Technology Industrial Park. The cooperation platform for political, industrial and academic research became fully operational. Using Macao as a gateway, the model for international promotion of medicines through medical treatment services has expanded the practice of traditional Chinese medicine and yielded positive initial results.

We have established bases for innovation incubation that integrate research and development, business headquarters and trade, with a total of 159 registered enterprises. To date, 76 enterprises have established offices in the park, including 39 Macao enterprises that were cultivated through the industrial park platform. The key pilot projects of the healthcare sector that have been selected as “national incubators” are among the carriers that transform the results of research through cooperation between the industrial, academic and research and development sectors into products. The construction and preparation work are progressing smoothly, and will be completed and available for inspection by the end of this year.

To foster development of the cultural and creative industry, the Cultural Industry Fund was set up in 2013. Last year, the Community Cultural and Creative Production Subsidy Scheme was launched, to foster integration of the cultural and creative sectors into community development. We also provided support services for cultural and creative enterprises – such as work space, business training, organising exhibitors and networking – to foster incubation of the industry.

To promote development of specialised financial services, we attracted large-scale lease finance companies to establish their bases in Macao, and facilitated the establishment of a Renminbi settlement platform for trade between China and Portuguese-speaking countries, to provide financial services for trade and investment enterprises and projects of Portuguese-speaking countries and countries and regions along the “Belt and Road”. For the first time, the Central People’s Government issued sovereign bonds in Macao. We have aligned with financial technology infrastructure in the Greater Bay Area, and facilitated construction of a financial services platform for China and Portuguese-speaking countries.

(3) Supporting development of SMEs

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More than 90 percent of Macao enterprises are small- and medium-sized enterprises (SMEs). The Government attached great importance to the sustainable development of SMEs, persisted with the principle of integrating support and cultivation, and continued optimising various financial and administrative support measures, to support their innovative development.

We improved the business environment, optimised existing licensing schemes, promoted the application of information technology in SMEs, enhanced cooperation with e-commerce operators in mainland China, and developed and explored e-commerce markets in Portuguese-speaking countries. We also continued implementing the Scheme to Assist the Re-branding of Time-honoured Local Shops, to strengthen the competitiveness of these local shops.

We have recently launched Catastrophe Insurance for Small and Medium Enterprises, the Catastrophe Insurance for Small and Medium Enterprises Funding Scheme, and the Import and Export Credit Insurance Scheme, to provide SMEs with a wider range of insurance protection. We also accelerated the process for approving applications for employing non-resident staff, to solve the problem of manpower shortfalls.

We facilitated a new round of business invitation exercises for the Traditional Chinese Medicine Science and Technology Industrial Park of Cooperation Between Guangdong and Macao (GMTCM Park) in Hengqin, to explore greater scope for developing Macao enterprises.

(4) Protecting the legal rights of employees

Safeguarding prioritised employment for local citizens is one of the Government's policy highlights. Upholding the principle that non-local workers should only be employed in the event of inadequacies in local labour, the third- and fourth-term Government prohibited imported workers from roles as gaming dealers within its term of office.

We facilitated amendments to the Labour Relations Law, by proposing to stipulate paid paternity leave, increase paid materiality leave, and resolve the overlapping of weekly and mandatory leave. The Law on the Minimum Wage passed its first reading at the Legislative Assembly.

We provided diverse, focused vocational training, combined with employment referral and matching services, to improve residents' employment skills and competitiveness. We strengthened management of non-resident employees, continued monitoring and supervising recruitment of workers by enterprises, enhanced transparency of approval for importing non-local workers, and strived to combat illegal employment.

IV. Continuing to deepen regional cooperation

We uphold the principle of serving our country's needs by leveraging Macao's advantages, and drive regional cooperation to a new milestone. We should make good use of the beneficial policies offered to Macao by the Central People's Government, to achieve complementary advantages and strengthen Macao's overall competitiveness.

To further align with the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area, the Government has formulated an annex to Macao's Five-year Development Plan, based on its initial plan, to deeply integrate the construction of the Greater Bay Area into our five-year development plan. This will align with the national master plan, whilst incorporating it within our annual policy administration.

The International Forum on "Cultural Mission of the Guangdong-Hong Kong-Macao Greater Bay Area" was successfully held. In addition, the Symposium on the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area and the Symposium on the Guangdong-Hong Kong-Macao Greater Bay Area co-organised by the Hong Kong Special Administrative Region Government, the People's Government of Guangdong Province and the Macao Special Administrative Region Government were held in Macao, Hong Kong and Japan.

We implemented a series of cooperative projects between Guangdong and Macao. Based on the project arrangements highlighted in the Framework Agreement on Cooperation between Guangdong and Macao, we strengthened cooperation in areas such as cross-border infrastructure development and clearance facilitation, fostering cooperation in modern service industries, developing a quality living circle, and promoting education and youth exchanges. In addition, the Hong Kong-Zhuhai-Macao Bridge has commenced operation; the new Guangdong-Macao border crossing is under construction; and the Macao border crossing area and adjoining areas at the Hengqin checkpoint are now under the jurisdiction of the Macao SAR. We also facilitated the construction of the Guangdong-Macao Special Cooperation Zone in Hengqin, and continued fostering cooperation with Shengzhen, Guangzhou, Zhongshan and Jiangmen.

To promote cooperation with the Beijing-Tianjin-Hebei region, Changjiang economic belt and the Pan-Pearl River Delta (PPRD) region, we established an official mechanism for cooperation with Shanghai, facilitated the planning of the Jiangsu-Macao Cooperation Park, fostered cooperation on environmental protection and infrastructure industries between the PPRD provinces and regions and the Portuguese-speaking and European Union countries, supported poverty alleviation work in Guizhou, and began planning cooperation in Chinese Medicine with Jilin province.

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We enhanced exchanges and cooperation with Hong Kong through the mechanism for cooperation between Hong Kong and Macao, and fully leveraged the functions of the Macao Economic and Cultural Office in Taiwan.

To support the realisation of the “Belt and Road” initiative, we fully utilised Macao’s unique advantages and strengthened our coordination to integrate into the construction of the Greater Bay Area. We participated in the 2nd “Belt and Road” Forum for International Cooperation and the 2nd Shanghai Import Expo, to further promote cooperation among countries along the “Belt and Road”.

The Summit on the Chinese Central SOEs’ Support for Macao in Building a China and Portuguese-speaking Countries (PSCs) Co-operation Platform 2019 was successfully held, and the China-PSCs Commercial and Trade Service Platform Complex will be opened this year, to spur the building of a China-PSCs cooperation platform.

V. Strengthening public administration

Development trends and people’s expectations are posing increasing demands on the quality and standards of the Government’s administration. In response to the long-standing problems in public administration, the Government launched a series of reform measures to improve overall administrative effectiveness.

In 2010, the Office of the Government Spokesperson and a spokesperson system were established, to enhance administrative transparency. In 2011, the Guidelines for Public Policy Consultations were published, to improve the collection of public opinion and enhance the effectiveness of consultations. Since 2015, we have integrated and optimised the Government’s organisational structure through establishing, restructuring and abolishing, to refine the organisational structure and consultation bodies.

We continued improving the civil service system, strengthening civil servant training, raising the efficiency of public administration and services, and improving measures benefiting the livelihoods, welfare and mental counselling of civil servants. The Civil Servant Activity Centre was established, to expand the scope for civil servants’ leisure and learning.

The Municipal Affairs Bureau was officially established in 2019. We expanded the coverage of the community services network, established the Islands District Integrated Government Services Centre and comprehensively launched “one-window” services.

We are committed to implementing the national Constitution and the Basic Law of Macao. We amended the laws regarding respecting and protecting the national flag, national emblem and national anthem, to safeguard the dignity of the nation.

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We enhanced the rule of law, established and refined mechanisms to coordinate legislative processes, and expedited legislation in major areas that prioritise laws regarding people's livelihoods.

With support and authorisation from the Central People's Government to promote international judicial cooperation, we launched various consultations regarding international agreements on legal and judicial cooperation, and in 2019 signed agreements on surrender of fugitives with Portugal and Korea.

We deepened the exchange mechanism between Guangdong, Hong Kong and Macao in legal affairs and judicial cooperation, to provide a legal foundation for comprehensive cooperation in the Greater Bay Area. We also promoted cooperation between arbitration institutions in Guangdong, Hong Kong and Macao, to cultivate local arbiters.

We intensified our efforts to support the establishment of software and hardware of the judiciary, improved judicial training mechanisms, and continued to organise training for judicial officers as planned.

The Commission Against Corruption (CCAC) fulfilled its duties in accordance with the law, upheld the principles of emphasising both combating and preventing corruption, cracked down on corruption in public and private sectors, supervised operations of public departments, actively explored international and regional exchanges and cooperation, continued launching integrity education, and joined hands with various sectors to build a corruption-free society.

The Commission of Audit (CA) examined the effectiveness of existing policies implemented by public departments, and urged the departments to make improvements; strengthened professional exchanges to enhance the overall quality of the auditing team; introduced computer-aided tools to various Government departments; and promoted optimal use of public resources.

Part Two: Financial Budget for the Fiscal Year 2020

President, members of the Legislative Assembly,

I will now summarise the budget arrangements for Fiscal Year 2020.

After thorough discussions with the designated fifth Chief Executive, Mr Ho Iat Seng, we have reached a consensus on the financial budget for the fiscal year 2020. Although the policy address for the fiscal year 2020 will be prepared by the next Government, to ensure the stability and development of Macao, to maintain the daily operations of government departments and to meet all requirements of the law, the current Government has formulated the fiscal budget for the coming year in accordance with the Basic Law of Macao and the Budget Framework Law.

I will now introduce the financial budget for the coming year, mainly covering the administrative expenses required for daily operation of government departments, the expenses which the Government has promised to settle in the coming year, and the funds allocated for construction works that will commence in the first quarter of next year. Meanwhile, the Government will continue offering tax waivers and reductions.

The Government will continue implementing tax reduction measures as in 2019, including:

- 30 percent waiver on personal income tax with the basic allowance set at 144,000 patacas while the basic allowance is set at 198,000 patacas for elderly employees and employees with disabilities;
- 60 percent rebate of tax payable for 2019, subject to an increased ceiling of 14,000 patacas. The tax rebates will be disbursed in 2021;
- Waivers of all business taxes, hawker licence fees, wet market stall rents, inspection and quarantine fees for live food, stamp duty on life or non-life insurance, and bank service charges;
- Waivers of signboard taxes for businesses (excluding tobacco advertisements) and exemption from tourism tax for restaurants;
- Waiver of the first 3,500 patacas of real estate tax for Macao residents and a reduction of eight percent on the property tax rate for leased properties;
- Profit tax allowance will remain at 600,000 patacas, with extra reduction on joint venture research and development expenditure, and profit tax waiver for profits received in Portuguese-speaking countries;
- Waivers of stamp duty on entrance passes and tickets for cultural and arts performances, exhibitions and entertainment programmes;
- Waiver of stamp duty for auctions;
- Waiver of real estate stamp duty on the first three million patacas of a home's value for Macao permanent residents purchasing a residential property for the first time; and
- Waiver of profit tax on investment income from local bonds issued by regional governments in mainland China and state-owned enterprises; and exemption of stamp duty for issuing and acquiring such bonds.

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The implementation of the aforementioned tax cuts, waivers and rebates is expected to reduce Government tax revenues by 3.42 billion patacas.

The Government will continue offering bus fare concessions for the elderly, students and other members of the public; continue offering electricity bill subsidies for residential households; continue implementing support measures for the underprivileged and continue providing corresponding subsidies to eligible public housing tenants and eligible families on the public housing waiting list; and continue implementing the healthcare voucher scheme.

The Government will continue opening a personal provident fund account for each eligible resident, and injecting 10,000 patacas into each account as an initiation allowance. It is recommended that 7,000 patacas from the fiscal surplus shall be injected into each eligible personal provident fund account as a special allocation next year. The Government will reserve funding to continue the Wealth Partaking Scheme, and offer 10,000 patacas to each permanent resident and 6,000 patacas for non-permanent residents.

After considering views and suggestions from civil servants' associations and the Civil Servant Pay Council, the Government will adjust each point on the civil service salary scale to 91 patacas from January 2020. The related bill will be submitted to the Legislative Assembly for deliberation.

On behalf of the Government, the Secretary for Economy and Finance will submit and present the draft Budget for Fiscal Year 2020 to the Legislative Assembly.

Conclusion

President, members of the Legislative Assembly,

It has been 20 years since the establishment of the MSAR Government. It is my honour to be entrusted by the Central Government with this glorious duty and mission. Having served as the Secretary for Social Affairs and Culture for the first ten years, and the Chief Executive for the next ten years, I am grateful for receiving support from all walks of life in Macao during my 20 years of service in the MSAR Government together with my colleagues.

The first ten years of the administration laid a foundation for implementing our principles of continuity and innovation, shared development and balanced development in the next ten years. The administration of a government often has continuity. Our summary for this year's administration is inseparable from the analysis of and reflections regarding our past experiences. Although the Government administration may not satisfy everyone, we have always been sincere in serving the people, improving our deficiencies, and making up for shortcomings.

In the past ten years, we have carried on from the past, persisted with our spirit and moved forward to the future. Going through hardships and building on experiences and success, we made our best efforts and contributions to promote “One country, two systems” and “Macao people governing Macao” and the implementation of a high degree of autonomy, and spared no effort in safeguarding the sovereignty, security and development interests of the country as well as Macao's long-term prosperity and stability.

Persisting with the foundation of “One country”

We strictly observe the national Constitution and the Basic Law of Macao, persist with the organic integration of the absolute power of governance of the Central People's Government and the high degree of autonomy enjoyed by the Macao SAR, as well as the foundation of “One country” and leveraging the advantage of “Two systems”, to lead Macao's unique way of implementing the principle of “One country, two systems”. Macao's success demonstrates the vitality of “One country, two systems”, proving that “One country, two systems” is absolutely feasible and sustainable.

Since Macao's reunification with the motherland, the general public's sense of recognition of the motherland has been continuously improved, and the love for the country and for Macao has been elevated from personal feelings to the core value of the whole society. This is an important symbol of the re-unification of people's hearts, and an important indicator of social harmony and stability. We also advocate our traditions of being loyal to our country and to Macao, and pass on this core value to our next generation.

We continue broadening our scope of work, to prepare for adverse situations

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and closely connect the security of Macao and the country. We view development as our goal, stability as the prerequisite, security as the support and people's livelihoods as the foundation. We strengthen the top-down approach, and coordinate planning on safeguarding national security to ensure a stable development outlook.

Social stability and planned development

Facing various challenges and difficulties, we uphold the principle of “putting people first”, emphasise public interests and prioritise residents' security. Encountering severe impacts from the strongest typhoon, we took immediate action to obtain disaster relief support from the Central People's Government. The SAR Government joined hands with residents to overcome challenges, and afterwards developed a disaster prevention and mitigation mechanism.

In the face of the grave impacts arising from the international financial crisis and a decline in local economic growth for eight consecutive quarters, we have taken all steps to stabilise employment and maintain social harmony. On the basis of fostering the economy, we intensified our efforts to adopt financial policies of secondary allocation, and launched short-term relief measures, so the stability of people's livelihoods would not be affected by economic downturns or emergencies.

With the full support from the Central People's Government and concerted efforts of Macao people, we have successfully weathered the economic difficulties, strengthened our ability to resist risks and maintained a steady development outlook in the changing world. In 2018, the gross domestic product (GDP) was 424.9 billion patacas, representing growth of 63 percent in real terms over the figure of 260.2 billion patacas in 2009.

With favourable conditions of social stability and economic development, we formulated and implemented Macao's first Five-Year Development Plan. Persisting in innovation, balanced development, cooperation in development and shared development, we set eight major development strategies and facilitated the development of Macao into a city enjoying international standards of living, work, transportation, tourism and entertainment. This major institutional innovation in our governance has been recognised by the general public and the Central Government. The interim review of the Five-Year Development Plan of Macao showed interim achievements, with a completion rate of about 90 percent from 2016 to 2018.

We began our development from the ground up. We established the Fiscal Reserve System to ensure stable resources for prioritising projects regarding people's livelihoods. As at September 2019, the fiscal reserves totalled 627.35 billion patacas, representing an increase of 5.28 times from the initial figure of 99.86 billion patacas in 2012. The Government had foreign exchange reserves of 171.02 billion patacas, representing growth of 29 percent over the figure of 132.5 billion patacas in 2012.

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The Government upholds the principle of fiscal balance stated in the Macao Basic Law, and has managed the fiscal reserves in recent years in a systematic and responsible manner, enabling us to continuously improve social and livelihood-related services. Upon development of the social security system, housing, healthcare, education, talent cultivation and long-term mechanism for disaster prevention and mitigation, we have raised the long-term livelihood mechanisms to the macro strategic level through holistic planning and pragmatic implementation.

In 2018, Government expenditure on social security amounted to 18.05 billion patacas, representing an increase by 2.1 times the figure of 5.78 billion patacas in 2009. Government expenditure on education amounted to 11.63 billion patacas, which is 1.7 times the figure of 4.37 billion patacas in 2009.

We have also increased and enhanced land reserves. Thanks to the care and support from the country, we have increased our land and expanded the scope of development. In recent years, the Government has also stepped up its efforts in land revocation. In the tenth anniversary year of the establishment of the Macao SAR, the Central Government approved the reclamation and development of new urban districts in Macao, covering five plots of land that currently involve a total area of over 3.5 square kilometres.

In 2014, while attending the ceremony for the 15th anniversary of the establishment of the Macao SAR, President Xi Jinping announced that the Central Government would initiate work concerning Macao's jurisdiction over its customary waters. One year later, the Central Government delimited 85 square kilometres of territorial waters of Macao's jurisdiction.

Apart from the support from the Central Government, we also spared no efforts in recovering idle land according to the law. To date, a total of 77 annulled land grants involving a total area of over 670,000 square metres have been announced, and a total of 23 plots of land involving a total area of over 230,000 square metres have been officially recovered.

Fiscal reserves and land reserves provide essential resources for the overall development of Macao in the future.

Cultivating new talents to sustain development

Cultivating young people and reserving talents are crucial to Macao's sustainable development and stable implementation of the principles of "One country, two systems". We strive to enhance youth development work, to align with the fundamental, strategic and macro levels of the principle of "One country, two systems" by integrating with development strategies such as education, talent cultivation and life-long learning. We foster cooperation among families, schools and society, to jointly create a fair and healthy environment for the growth of young people.

We strive to open up more feasible paths for development of the Macao SAR

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through optimising local infrastructure and participating in overall national development, to create more new development opportunities for various sectors of society and future generations. We expedite the development of "One Centre, One Platform", promote adequate diversification of the economy, nurture the emergence of various industries, and explore diverse employment; strengthen scientific innovation and building a smart city to facilitate rejuvenation; leverage on our unique advantages, deepen regional cooperation and participate in overall national development; continuously facilitate system establishment and promote sound social governance to enhance people's sense of satisfaction, peace and happiness.

President, members of the Legislative Assembly,

2019 marks the tenth year of the current Government. We have completed a ten-year chapter of the 20 years since Macao's return to the motherland. We strive to promote social stability, develop the economy, improve people's livelihoods, strengthen the foundation, and establish the governance system.

To present the public with a review of the Government's work in the past ten years, we have compiled *Ten Years of Steady Governance: The Review of the Third-Term and Fourth-Term Government's Work*, which includes this year's review, to serve as a reference for the public and you.

The progress made in the past ten years cannot be separated from the strong support from the Central Government and the wisdom and strength of the general public.

The path taken in the past ten years not only marks a stage of Macao realising sustainable development, but also represents another starting point for a new era and a new journey. The foundation laid so far has provided the prerequisites for continuous progress of the Macao SAR.

Our ten years of governance have proved that only persistence in upholding the principle of "One country, two systems" can ensure the long-term stability of Macao; only the premise of maintaining national sovereignty, safety and development interests can facilitate the long-term prosperity and stability of Macao.

We believe that as long as all sectors of the community work together, persist with our confidence in development, maintain the momentum and seize the opportunities for development, the future of the Macao SAR will always be bright.

Last but not least, on behalf of the Macao SAR Government and in a personal capacity, I would like to take this opportunity to give thanks for the support from the Legislative Assembly, all members of the public, and our civil servants. I would also like to show my heartfelt gratitude to the Central People's Government and its offices in Macao, which support the development of the Macao SAR.

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This is the end of my report. Thank you, President and members of the Legislative Assembly.