

The Government of the Macao Special Administrative Region Policy Address for the Fiscal Year 2020

Forging Ahead Towards New Horizons

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The Government of the Macao Special Administrative Region Policy Address for the Fiscal Year 2020

**Ho Iat Seng
Chief Executive**

20 April 2020

President, members of the Legislative Assembly,

On behalf of the Macao SAR Government, I now present to the Legislative Assembly the Policy Address for the Fiscal Year 2020 for its deliberation.

Today, I have returned to this familiar Legislative Assembly in a different role. Yet, all of us share the same goal, which is to promote the successful implementation of “One country, two systems” in Macao and build a happy and perfect home.

2020 marks the commencement of the fifth MSAR Government, and the beginning of the third decade of the Special Administrative Region. At this starting point of our new journey, the country and people of Macao are placing their new hopes and demands on the new MSAR Government. Based on the experiences, achievements and solid foundation established by the past four administrations, the new administration will unify all sectors, forge ahead towards new horizons, and continue with our successful implementation of “One country, two systems”.

When the fifth MSAR Government assumed office, President Xi Jinping delivered important speeches and instructions during the celebrations of Macao SAR’s 20th anniversary. The Government will diligently and comprehensively uphold the spirit of President Xi’s instructions, and implement the “Four Aspirations”, “Four Types of Persistence”, “Four Expectations” and “Five Requests”. By strictly adhering to the principles of “One country, two systems”, “Macao people governing Macao” and a high degree of autonomy, upholding the authority of the constitution and the Basic Law, and safeguarding the comprehensive jurisdiction of the Central People’s Government over Macao, we join hands to forge ahead towards new horizons for the development of the MSAR.

This year, the sudden onset of the coronavirus (COVID-19) pandemic has brought difficult and immense challenges to the new MSAR Government and society, resulting in the most serious public health crisis since the establishment of the Macao SAR. The MSAR Government insists on prioritising protection of people's lives and health, and has promptly taken a series of anti-epidemic measures to prevent and control the outbreak to the greatest extent possible.

To adopt a comprehensive and multi-level approach in disease prevention and control, the Government promptly established the Novel Coronavirus Response and Coordination Centre, to coordinate close cooperation among various departments.

In the early stage of the outbreak, the Government invited Zhong Nanshan, the head of the high-level expert group of the National Health Commission, to visit Macao and guide us on disease prevention work. While ensuring the supply of epidemic prevention materials such as masks for all residents in phases and batches, we stabilised the supply and prices of basic commodities; promulgated strict immigration policies and quarantine measures in stages, and made timely adjustments to the service hours and arrangements of border checkpoints, to control cross-border flows of people in response to developments in the epidemic situation; announced suspension of operation of casinos and related venues for 15 days, and urged gaming concessionaires to fulfil their social obligations; promoted mutual understanding between employers and employees of all industries during the pandemic; and coordinated accommodation arrangements for cross-border non-resident workers in Macao, to minimise cross-border flows of people.

The Government has also launched a series of measures to reduce tax, relieve livelihood hardships and support small and medium-sized enterprises (SMEs), and strived to ensure supplies, care for people's livelihoods, safeguard employment and stabilise the economy.

During the pandemic, which is a critical issue affecting people's safety and health, frontline medical staff, fire services and the police have strived hard and faced unprecedented pressure. People from all walks of life have made tremendous efforts and closely cooperated, and fully demonstrated the fine traits of mutual aid and unity and core values of loyalty to our country.

I would like to pay special tribute to the frontline medical staff, firemen, police officers and all civil servants; and my sincere gratitude to various sectors and organisations for their active participation and cooperation with the Government, as well as the support from all Macao people for their concerted efforts in fighting the pandemic.

The anti-epidemic work has made interim achievements, to put the spread of the coronavirus (COVID-19) under control. Now the anti-epidemic work has shifted to the stage of "preventing a rise of imported cases and a rebound of the epidemic", the Government will continue paying close attention to the development of the epidemic situation, and make unremitting efforts to

prevent recurrence of and control the epidemic, to win the battle against the epidemic.

In the four months since the inauguration of the fifth MSAR Government, despite the challenges and difficulties arising from the epidemic, we have never eased our efforts in planning and implementing overall policy. We have commenced tasks deemed appropriate for making orderly progress, while studying and planning tasks that require further research and planning. Although the unexpected epidemic affected progress with our work for a while, it could not stop us forging ahead.

I. Development Review and Current Problems

The past lays a foundation for the future; problems provide direction for our work. I will briefly review past developments and analyse current problems.

(1) Review of the past 20 years since Macao's reunification with the Motherland

During the two decades following Macao's reunification, with the full support of the Central People's Government and leadership of the two Chief Executives – Edmund Ho Hau Wah and Chui Sai On – the MSAR Government and all sectors of the community comprehensively and correctly upheld the principles of "One country, two systems", "Macao people governing Macao" and a high degree of autonomy; strictly conformed to the Constitution and Macao Basic Law; and progressed towards a new era of Macao's implementation of "One country, two systems" targeting the positioning of "One Centre, One Platform, and One Base", thus laying a solid foundation for future development and accumulating successful experiences.

During the past 20 years, Macao's established constitutional order based on the Constitution and the Macao Basic Law, the smooth operation of the executive-led system under the core leadership of the Chief Executive, the solid social and political foundation with the core value of our love for the country and for Macao, as well as the organic integration of the comprehensive jurisdiction of the Central People's Government and the high degree of autonomy enjoyed by the Macao SAR, have secured the effective implementation of the Macao SAR's constitutional responsibility in safeguarding national sovereignty, security and development interests.

During the past 20 years, Macao's economy has grown by leaps and bounds. The moderate opening of the gaming industry has driven rapid economic growth. This period has witnessed the fastest economic growth in Macao's history, and our per capita GDP ranks among the best in the world.

During the past 20 years, people's livelihoods continued to improve; education, medical and health services, social security, and social welfare have been gradually enhanced; and people's sense of satisfaction, peace and happiness have been enhanced.

During the past 20 years, the democratic political system of the SAR has developed in an orderly manner, to safeguard the extensive rights and freedoms of Macao residents. We have achieved social stability and harmony, promptly reversed public disorder, maintained safety and order, and fostered multiculturalism with an emphasis on Chinese culture.

During the past 20 years, the scope and depth of Macao's integration into the overall national development have been continuously strengthened. With the signing and implementation of the Mainland China and Macao Closer Economic Partnership Arrangement (CEPA) and the progress with the "Belt and Road" initiative and the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, exchanges and cooperation between Macao and mainland China in various areas have continued to deepen. Macao has made important contributions to the country's reform and opening up. Also, the country's reform and opening up have promoted Macao's economic and social development. Without national reform and opening up, Macao would not enjoy the prosperity it does today.

During the two decades following Macao's reunification, we have successfully led our unique way of adopting the principle of "One country, two systems", which has fully demonstrated the scientific basis and strong vitality of "One country, two systems", proving to the world that "One country, two systems" is absolutely feasible, workable and supported by the people.

The progress and achievements in development of the Macao SAR rely on the support of the Central People's Government and mainland China, as well as the hard work of Macao residents. Our nation always serves as the solid support for Macao. Macao residents are the fundamental driving force for the development and progress of the SAR.

(2) Economic and Social Situation in 2019

2019 was an extraordinary and historic year for Macao, marking the 70th anniversary of the establishment of the People's Republic of China and the 20th anniversary of Macao's reunification with the motherland.

It also saw a change of administration in the MSAR. During President Xi Jinping's visit to Macao to attend the celebrations of the Macao SAR's 20th anniversary and the inauguration ceremony of the fifth MSAR Government, the President made a series of important remarks. President Xi showed great foresight in summarising the successful implementation of the principle of "One country, two systems", and provided a clear direction and guide for actions to achieve the future development of Macao.

Since last year, confronted with the complicated and serious internal and external challenges, Macao has been facing downward economic pressure. Despite the turbulent external environment, we are happy to see Macao is maintaining social and economic stability. All members of the community join forces to safeguard overall stability.

- As the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area was announced, the Guangdong-Hong Kong-Macao Greater Bay Area entered a new stage of development. The Central People's Government has launched a series of beneficial policies and measures, providing unprecedented opportunities for Macao's prosperity and adequate economic diversification.
- The overall economy was basically stable, albeit facing downward pressure. In 2019, Macao's GDP was 434.7 billion patacas, representing a year-on-year decrease of 4.7 percent in real terms; the per capita GDP was about 645,400 patacas (about 80,000 US dollars), representing a year-on-year decrease of 6.6 percent in real terms; inflation rose moderately by 2.75 percent; the total population reached 679,600, representing a year-on-year increase of 1.8 percent; the overall unemployment rate remained at a relatively low level of about 1.7 percent; the overall median monthly income was 17,000 patacas, representing a year-on-year increase of 6.25 percent; 39.42 million visitors were recorded throughout the year, representing a year-on-year increase of 10.1 percent.
- The Government's financial status remained sound. As at 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. As at the end of 2019, the foreign reserves amounted to 178.3 billion patacas.
- To increase land reserves, by the end of 2019, the Government had handled 77 cases of annulled land grants, concerning a total area of 691,100 square metres, in accordance with the law. These included 39 land lots with a total area of 293,700 square metres, for which the land grants had already been revoked.

(3) Major Problems Facing Macao

While recognising our past achievements, we should also be aware of the problems and challenges facing the development of the Macao SAR. Some structural and deep-rooted problems have begun to emerge and affect sustainable socio-economic development.

- Some aspects of the public administration and legal systems are yet to keep up with the new development situation. As the Macao SAR's public administration and legal systems have already been operating for more than 20 years, some aspects are yet to change with the times to meet the needs of social development and residents' expectations. The outstanding issues include overlapping government departments, ambiguous roles, low administrative

efficiency, complicated formalities in applying for government services, cumbersome civil servant recruitment procedures, mismatched human resources, cross-departmental coordination problems, departments shirking responsibilities, room for improvement in the administrative authorisation structure and accountability system for government officials, corruption-free governance yet to be strengthened, insufficient supervision of the use of public funds, and some laws are not adapted to the needs of development. It is inevitable that the MSAR Government will deepen public administration reform and optimise the legal system to meet people's expectations and promote good governance.

- Economic diversity is rather limited, and adequate economic diversification does not show much progress. Since Macao's reunification with the motherland, although the economy has experienced a stage of relatively rapid growth, the dominance of the gaming industry has not been reduced, but intensified. The profound adjustment of Macao's gaming industry from 2014 to 2016 led to a significant economic downturn, with negative economic growth recorded for three consecutive years. The coronavirus (COVID-19) pandemic early this year has led to a significant decline in the gaming tourism industry and hit other related industries, exposing the vulnerability and risks inherent in the over-reliance on gaming tourism in Macao's economy. Macao is also facing competitive pressure from neighbouring countries and regions that are commencing gaming businesses. The past MSAR Governments have made efforts to promote economic diversity over the years but achieved little progress. The contribution of nascent industries to the overall economy is still relatively low. Despite the Government striving to promoting the exhibition, cultural and creative industries, they contribute less than one percent of Macao's GDP, while the gaming industry accounts for over 50 percent of GDP.
- Urban infrastructure construction has failed to keep up with the pace of socio-economic development. Lacking a scientific master plan for urban development in Macao, urban infrastructure construction lags significantly behind socio-economic development. Either the internal transportation system, or the external transportation network – especially the mass transit system – are yet to meet Macao's development needs as a world tourism and leisure centre. Smart city construction also significantly lags behind the surrounding areas.
- The limited land supply has long hindered the development of the MSAR. In 2019, Macao had a total land area of 32.9 square kilometres, while the population density ranked among the top in the world. As the land utilisation rate is almost saturated, insufficient land resources have created a bottleneck restricting Macao's sustainable socio-economic development. We must strive to explore ways to break through the bottleneck of land resources by effectively

managing and using our 85 square kilometres of territorial waters in accordance with the law, strengthening regional cooperation and securing our foothold in the Guangdong-Hong Kong-Macao Greater Bay Area, to deepen Macao-Guangdong-Zhuhai cooperation and joint development of Hengqin, and thus broaden the horizons for the development of Macao.

- Some long-standing, unresolved livelihood issues remain critical. Since Macao's reunification with the motherland, the Government has relied on accumulated financial resources from development to actively improve people's livelihoods, and gradually established an effective social security network by providing comprehensive support and multi-level coverage. However, mitigating the housing, commuting, and medical and healthcare issues, as well as flood and drainage problems in the Inner Harbour area, remain pressing demands among residents.
- The problem of the aging population has been worsening. With Macao's population aging, the aging index has been increasing over the years. In 2019, senior citizens aged 65 or above made up 14.6 percent of the population, while the aging index was 90.3 percent. The elderly dependency ratio of the population of Macao people was 21 percent, which means there was one senior citizen for every five adults. The growing aging population will inevitably increase the burden on social security, reduce the labour force, and hinder sustainable social and economic development. Simply providing care and support services to the elderly is not sufficient for solving the aging population issue. Ad hoc measures cannot meet the needs of the growing aging population in need of care, or improve their life quality in their remaining years, to give them a sense of worth.
- We need to raise our own competitiveness to integrate into the development of the Guangdong-Hong Kong-Macao Greater Bay Area. The development of the Greater Bay Area provides great opportunities for Macao to integrate into the overall national development, widen the scope for development of Macao, promote sustainable adequate economic diversification, and strengthen our position and functions in the course of China's economic development and opening up. However, the development of the Greater Bay Area has also brought us direct competition as well as pressure and challenges regarding integrated development, providing significant advantages and attractiveness for development, thus absorbing resources, such as capital and human resources in the surrounding areas, as well as Macao. If Macao fails to accordingly enhance its functions and competitiveness, actively open and integrate into the Greater Bay Area, it will be marginalised to some extent, while some of its functions might be replaced.

The Government must assess and address the above problems. The major tasks and focus of the Government aim to tackle and properly handle these issues.

II. Situation and Overall Direction of Administrative Policies for 2020

(1) Situation Facing the Government in 2020

Looking to the year ahead, internal and external circumstances pose grave challenges to the Macao SAR. The coronavirus (COVID-19) pandemic severely impacts the global economy, leading to global recession, turbulent international financial markets, and increasing risks of a global financial crisis.

Macao's economy has been greatly affected by the pandemic. Gaming and tourism revenues have suffered the most, and have fallen sharply. All sectors of society – ranging from small, medium to large-sized enterprises, have been greatly affected and encountered all kinds of difficulties and challenges, while the economy is expected to significantly decline throughout the year. The pandemic has greatly affected employment and livelihoods, imposing unprecedented pressure on all sectors of the community.

The number of inbound tourists from January to February was 3,006,900, representing a year-on-year decrease of 56.9 percent; the annual gross revenue from games of fortune from January to March amounted to 30.49 billion patacas, representing a year-on-year decrease of 60 percent; the total trade revenue from January to February was 14.38 billion patacas, representing a year-on-year decrease of 14.4 percent; the value of exports was 2.06 billion patacas, representing a year-on-year decrease of 16 percent, while the value of re-exports was 1.84 billion patacas, representing a decrease of 17.8 percent; the overall unemployment rate from December 2019 to February 2020 was 1.9 percent, and the unemployment rate among local residents was 2.6 percent, representing increases of 0.2 percentage points and 0.3 percentage points, respectively, from the previous period (November 2019 to January 2020); and the underemployment rate rose by 0.4 percentage points to 0.8 percent.

Given the current critical situation, the Government and all sectors of society must fully recognise the difficulties and challenges that face us. We must remain alert, optimistic, confident and determined, to tackle challenges head on. We should join hands to overcome the difficult time, maintain harmony, and forge ahead to achieve new developments.

The pandemic has posed great challenges for the Government and all residents. We believe the temporary downturn will not affect the medium- and long-term development trends. The epidemic will eventually pass, and everything will return to the right track. The mainland China economy still enjoys a long-term upward trend, while the favourable factors of the peripheral economy remain. The fundamentals and industrial foundation of Macao's economic development remain solid. During the past two decades of development, Macao has accumulated sufficient financial resources to tackle the current difficulties and challenges. In particular, Macao has its own unique advantages, and our scope and potential for development remain substantial,

as we seize strategic opportunities such as the “Belt and Road” initiative and the development of the Guangdong-Hong Kong-Macao Greater Bay Area. We remain completely confident regarding Macao’s economic prospects. Once the epidemic has passed, Macao’s economy is expected to gradually recover and enter a new stage of development.

(2) Overall Direction of Administrative Policies for 2020

The overall direction of administrative policies for 2020 is: “Fighting the pandemic, safeguarding employment, stabilising the economy, caring for people’s livelihoods, implementing reform, and facilitating development.”

We will work with all walks of life to take all necessary measures to prevent and contain the coronavirus (COVID-19) pandemic at any cost, ensure residents’ health and safety, maintain the stability of human resources and employment, relieve livelihood hardships, maintain economic and financial stability and security, and expedite restoring the economy to normality, and boost the economy after the pandemic.

Adhering to the principle of "Unity and Efforts, Change and Innovation", we will implement the proposals in the election platform, promote development of the MSAR, and focus on work that is of most concern to the public: expedite public administration reform to establish a principled and efficient service-oriented government that serves the public; strive to promote adequate economic diversification and foster new economic growth points, to lay a solid economic foundation for long-term stability; optimise livelihoods, to effectively improve quality of life; enhance youth services, create favourable conditions for young people to grow, develop and succeed; leverage Macao’s advantage of multiculturalism and facilitate international exchanges; and strengthen regional cooperation and actively integrate into the overall national development plan.

The policy objectives in 2020 include: effectively preventing and controlling the pandemic; restoring normal social and economic order; gradually recovering the economy; facilitating public administration reform and adequate economic diversification; striving to maintain a low unemployment rate and Consumer Price Index; maintaining stable livelihoods; stabilising the economic and financial system; deepening regional cooperation; and expediting the development of the Guangdong-Hong Kong-Macao Greater Bay Area.

We will make our best efforts to optimise the following relationships through our administration this year:

1. The relationship between the foundation of “One country” and the leveraging of the advantage of “Two systems”. To secure the foundation for the Macao SAR and its prosperity, we should conscientiously safeguard the sovereignty, safety, and development interests of the country, and the absolute power of governance of the Central People’s Government. On the other

hand, under the premise of “One country”, we may make good use of the benefits of “Two systems”, and leverage Macao’s unique advantages, to promote stable development of the Macao SAR in all areas. While retaining the difference of “Two systems” and Macao characteristics and manifesting the advantages of both systems, we should unleash the superiority of “One country”, and facilitate the integration of “Two systems”, to eliminate all tangible and intangible obstacles and barriers between Macao and mainland China; and promote orderly and convenient flows of people, goods, capital and information, to realise integrated development and progress;

2. The relationship between the Central People’s Government’s policies to support the development of Macao and our efforts in leveraging Macao’s advantages to serve the needs of the national development plan. Since Macao’s return to the motherland, the Central People’s Government has implemented a series of policies and measures to support the development of Macao, fully demonstrating its strong concern and care for Macao. We should make good use of these beneficial policies for the development of the Macao SAR; and on the other hand, fully utilise the special status and the unique advantages of Macao, to make contributions to the country’s modernisation and full opening up to the world. While enjoying pride in our country’s prosperity and power, we should also fulfil our historical responsibility as a member of the motherland for promoting national rejuvenation;
3. The relationship between healthy growth of the gaming and tourism industries, and promotion of adequate economic diversification. As pillar and advantageous industries, gaming and tourism help to motivate the development of other industries, and act as an economic foundation for maintaining Macao’s low tax rates and free port status. Maintaining healthy and stable development of the gaming and tourism industries is still the foundation and premise for ensuring Macao’s economic stability for a certain period of time. However, in the long-term, over-relying on these two industries without fostering the broader industrial structure will hinder Macao’s sustainable development. The coronavirus (COVID-19) pandemic serves as a further reminder of the problems and risks inherent in Macao’s economic structure. Hence, from a long-term perspective, we should intensify our efforts to promote adequate economic diversification and establish a relatively diverse industrial structure, to consolidate a foundation for sustainable development of the Macao SAR. This pandemic has helped the Macao community to reach a firm consensus regarding economic diversification;
4. The relationship between safeguarding local residents’ employment rights and importing foreign human resources.

Importation of foreign workers, talented people and professionals is critical to the development of the Macao SAR, as they make considerable contributions to Macao's development and prosperity. Importing foreign workers and attracting talented foreign people helps to make up deficiencies in local human resources, while motivating local employment and enhancing the quality of local talents. In view of the actual needs of socio-economic development, and according to the premise of effective development and deployment of local human resources with local residents' employment rights being protected, we will optimise the mechanism for importing foreign workers and talented people, to enrich Macao's human resources as required;

5. The relationship between economic development and improving people's livelihoods. Economic development is a means, while safeguarding and improving people's livelihoods is the goal. In the course of developing the economy, the Government also pragmatically improves people's livelihoods, and benefits the public with the results of development in a more rational and fair manner, to satisfy the demand and aspiration of local residents to live better lives. The Government attaches great importance to solving issues of public concern, such as housing, transport, healthcare and retirement. We will more effectively and precisely optimise people's livelihoods and employment; and
6. The relationship between stability, development and reform. Stability is an important premise and assurance for development; and development is the only way to realise true stability. Only through reform can we resolve deep-rooted problems and complex conflicts that affect stability and development, and thus realise fundamental stability and sustainability. During the current pandemic, we will implement all necessary measures at all costs to safeguard stability, the economy, employment and livelihoods, as stability is the top priority. With the impact of the pandemic, we should not just sit down hoping for good luck. While maintaining stability, we should resume our work and production in an orderly manner, to create a favourable environment for development. We cannot stop our progress in reform with the pandemic as an excuse. We should continue promoting public administration reform in accordance with our specific goals, plans and procedures, to establish a corruption-free and efficient service-oriented Government for the convenience of the public and businesses, and further improvement in governance of the Macao SAR.

III. Policy Highlights for 2020

(1) Fight the pandemic to maintain stability and boost post-pandemic economic recovery

In response to the impact of the pandemic, the Government will implement effective financial adjustments, adopt countercyclical regulatory measures, and implement a pro-active fiscal policy, by increasing expenditure, reducing taxes, and expanding investment, to achieve the objectives of “safeguarding employment, stabilising the economy, and caring for people’s livelihoods”. The Government will prudently utilise its fiscal reserves according to the law, given the situation of reduced fiscal revenue. Therefore, this year will be the first year for the Government to record a deficit budget since Macao’s return to the motherland. To date, the Government has spent more than 50 billion patacas for tackling the pandemic.

While measures are implemented to control the pandemic, the Government has increased public expenditure and implemented tax cuts and waivers, to help businesses and employees to survive the challenges, and retain the vitality of the mainstream market. Upon alleviation of the pandemic, the Government will expedite approval of more than 200 small and medium-sized livelihood and municipal construction projects, enabling local small and medium-sized construction companies and their employees to swiftly resume operations. The Government will also launch a scheme to support street beautification projects, to create employment opportunities.

To promote post-pandemic economic recovery, the Government will implement the following measures:

1. Adequately increase public investment:

- Expedite construction of urban transport, public housing and government facilities;
- Commence construction of the fourth Macao-Taipa cross-harbour route;
- Conduct a consultation on the Light Rail Transit (LRT) East Line Plan; expedite rationalisation of the design of the LRT tunnel connecting Taipa Zone E and Zone A; commence construction of the LRT connection with Hengqin, soon after completion of its engineering design; expedite construction of the main part of the LRT Seac Pai Van line, soon after the tendering procedures; and commence construction of the A-Ma transport interchange;
- Commence tender invitation procedures for the construction of Home Ownership Scheme lots B4, B9 and B10 in New Urban Zone Area A;
- Expedite detailed planning of Zone A, design and construction of public housing in accordance with the original functional planning, and commence design and construction of road networks and shared pipelines after tendering procedures;

- Accelerate urban renewal, and proceed with construction of replacement housing, interim housing and related infrastructure in Areia Preta Zone P;
 - Commence tender invitations for the superstructures of the Conde S. Januario Hospital Public Hygiene Specialist Building and the Customs Service Headquarters Building;
 - Commence construction of the Public Security Police Headquarters Building and Police Tactical Unit Building, after the tendering procedures are complete;
 - Commence reconstruction of certain facilities of the Taipa Ferry Terminal that are integrated with the second airport passenger terminal, to alleviate overwhelming pressure on the existing airport terminal, while utilising the functions of the Taipa Ferry Terminal, as well as develop the Taipa Ferry Terminal into a sea, air and helicopter transportation complex supporting development of the Greater Bay Area;
 - A public consultation on the Macao urban development master plan will be carried out this year, while a study has been conducted on the development of the government sites and Macao's future commercial circle, and will be followed by construction work once the master plan is approved; and
 - Commence design of the building for the three levels of courts.
2. Foster recovery of the integrated tourism and leisure industry:
- Gaming tourism has suffered the most severe impact during the pandemic, resulting in further dampening of related industries. As "One flourishing industry helps hundreds prosper", stepping up assistance so gaming and tourism survive the pandemic can help the market momentum and vitality of inbound travel;
 - After the coronavirus (COVID-19) pandemic has been contained, expanding visitor sources can be achieved by intensifying tourism marketing in major markets, particularly in neighbouring regions, and launching tourism incentive schemes;
 - Integrate the Macao Government Tourist Office into the economy and finance policy portfolio, to promote the synergy between tourism and other industries;
 - When appropriate, seek approval from the Central People's Government for resuming entry to Macao from mainland China, and increase the number of cities whose residents can visit Macao on an individual basis, and negotiate with Guangdong Province on relaxing the entry requirements for Guangdong residents visiting Macao;
 - Once the pandemic is under control but application for travel permits to Macao is yet to be resumed, launch tourism activities, such as "local tours" and "tours to Hengqin and neighbouring areas" for Macao residents, to enrich Macao citizens' understanding of local world cultural heritage sites, tourist attractions and Hengqin;
 - Organise more celebratory events and festivals, and implement incentive schemes, to encourage residents from neighbouring

areas to visit Macao, particularly to stay overnight for consumption and spending; and

- Gradually restore the vitality of Macao's tourism industry, to sustain the livelihoods of tour guides, drivers and related employees.

3. Encourage private investments and intensify solicitation of investments:

- Strengthen solicitation of foreign investments, intensify solicitation of investments, take the initiative to "step out" and promote Macao's advantages, introduce industries and projects that facilitate Macao's adequate economic diversification, and support mainland China enterprises that aim to explore international markets with establishing regional headquarters in Macao;
- Provide favourable land and human resources support to nascent industries and projects that benefit Macao's adequate economic diversification;
- Improve the business environment and enhance cross-departmental collaboration on attracting capital and investment, to attract foreign investors to establish headquarters and sustain their businesses in Macao; and
- Implement related policies to promote private investments; the Government will render support by expediting approval procedures for private investment projects and construction projects.

4. Support small and medium-sized enterprises:

Small and medium-sized enterprises (SME) have played important roles in Macao's socio-economic development, laying a solid foundation for promoting adequate economic diversification, boosting economic vitality, optimising the employment structure, and improving people's livelihoods. Given the pandemic's heavy impact on SMEs, the Government has launched a series of supportive measures:

- Adjust the SME Credit Guarantee Scheme and the SME Credit Assurance Scheme, revise the SME Assistance Programme, launch a scheme to provide interest subsidies on bank loans for SMEs, and introduce a series of tax waiver and tax reduction measures to mitigate difficulties faced by the SMEs and assist them with surviving and recovering after the pandemic;
- Continue improving the business environment, streamline application procedures for licences, and optimise vetting procedures for employing non-resident workers, to effectively resolve manpower inadequacies;
- Facilitate synergistic development of SMEs with gaming operators and large corporations;
- Consider establishing an SME risk fund, to support the business sector and improve SMEs' resilience to risks;

- Assist SMEs with developing e-commerce, including cross-border e-commerce, and promote popularisation of electronic payments;
- Encourage technological, management and system innovations and support businesses with establishing and promoting “Macao-branded” products; and
- Encourage companies facing adversity to strive for self-improvement and enhance competitiveness with an innovative mindset and pioneering ambition.

(2) Press ahead with administration reforms to enhance governance

The Government will proceed with the public administration reform and establishment of the legal system, and continue promoting scientific decision making, precise social governance and efficient public services. The Government will make progress with modernisation of administration and governance, in supporting the implementation of the principle of “One country, two systems”, and continue improving its governance effectiveness and service quality.

We aim to build a modern, corruption-free and highly efficient service-oriented Government for the convenience of the public and businesses.

Our core purpose is to enhance public administration efficiency and strengthen the service consciousness of civil servants, by fostering a concept of serving for the benefit of the people, thereby rectifying our service attitude and avoiding bureaucratic practices.

Constitutional issues are fundamental to public administration reform and establishment of the legal system. We will gather public opinion to reach public consensus, and pragmatically press ahead with public administration reform and establishment of the legal system, with the constitutional law and the Basic Law of Macao as a common constitutional base.

Public administration reform cannot be separately implemented by individual departments as in the past, but must adopt the approach of integrating departmental functions. Leveraging new information technology and innovative means, we will make use of big data to establish a “digital government”. This is the general trend and the foundation and premise for us to deeply integrate into the development of the Greater Bay Area and the country.

In accordance with the “plan and tackle” strategy, with “completeness, accuracy and reliability” as the principles, we will strengthen the design at the top level of public administration reform, to formulate our overall reform plan. The current reforms include:

- Rationalise the administrative authorisation structure, perfect the legal system regarding government organisational structure, and

- define the duties and authority of government departments at different levels;
- Strengthen the decision-making and supervisory functions of secretariats, and optimise departmental structure, giving priority to integrating departments related to the economy, tourism, education and information services;
 - Strengthen and improve the inter-departmental cooperation mechanism, enhance the effectiveness of inter-departmental cooperation, establish an effective administrative collaboration system, and coordinate and resolve major cross-departmental issues through policy meetings between the Chief Executive and the Secretaries;
 - Perfect the accountability system for government officials, clearly define the power and responsibility of public departments and related leading officials, and establish a feasible accountability system for government officials;
 - Optimise the civil servant recruitment system, comprehensively reform the civil servant recruitment procedures, and gradually build up an efficient and quality-assured public service recruitment system;
 - Enhance the effectiveness of civil servant training and make good use of the education resources of tertiary education institutions to organise specific training courses for civil servants, in order to strengthen their professional competence, responses to emergencies and sense of responsibility;
 - Explore implementation of a horizontal transfer system for public department heads and supervisors, with the aim of building an administrative team with high adaptability, efficiency and capability;
 - Optimise the consultation mechanism and its organisational system, increase social participation and effectiveness of policy consultation, and fully leverage the function of community organisations in government administration; and
 - Facilitate optimisation and integration of government funding and public corporations.

The Government will expedite formulation of Macao's legal system, strengthen theoretical research on the law, and improve the legal hierarchy system. We will improve the mechanism for implementing the constitutional law and the Basic Law of Macao. Following policy directions, the Government will improve the legislative coordination mechanism, strengthen legislative planning, improve legislative techniques, enhance legislative quality, deepen law reform, and prioritise formulation and amendment of the laws and regulations related to the economy and people's livelihoods. The Government will also develop external reciprocal juridical assistance, to promote legal cooperation between regions and countries, and strengthen cooperation in public legal services between mainland China, Hong Kong and Macao. We will uphold judicial independence by optimising training of judicial officers, thereby enhancing judicial efficiency.

We will strengthen supervision of the use of public funds. On the day of inauguration of the fifth MSAR Government, we established the Office for Planning and Supervision of Public Assets of the Macao Special Administrative Region, in order to strengthen supervision of public corporations and autonomous funds in Macao, thereby ensuring the safety and effectiveness of public assets, and preserving and boosting the value of public financial investment.

The Government will carry out research on formulating and optimising the laws regulating the approval of funding subsidies. Drafting of the legal system for public corporations has commenced, to ensure transparent, standardised and systematic utilisation and management of public funds.

(3) Relieve livelihood hardships and improve people's well-being

While continuing with the existing welfare measures, the Government will make corresponding upward adjustments in accordance with relevant mechanisms. In response to the pandemic, the Government has implemented a series of measures to relieve livelihood hardships:

- Implemented the 2020 Wealth Partaking Scheme ahead of schedule, in April this year;
- Upwardly adjusted the ceiling of the rebate percentage and amount of personal income tax for 2018, and increased the fixed reduction rate of taxable personal income for this year to 30 percent;
- Waived real estate stamp duty payable in 2019 for residential properties owned by residents;
- Provided water tariff subsidies and electricity bill subsidies to all residential units in Macao, from March to May this year;
- Health care vouchers worth an additional 600 patacas are distributed to every Macao permanent resident through the medical subsidy scheme this year;
- Disbursed an additional two months of financial assistance to disadvantaged families registered with the Social Welfare Bureau;
- A 8,000-patacas consumer subsidy per person will be issued to all residents, in two instalments, to relieve people's hardships during the pandemic and boost domestic consumption; and
- The Government will decide whether to take further measures, depending on developments with the pandemic.

Due to the pandemic, immigration control in neighbouring regions was further tightened, greatly affecting the economy and people's livelihoods in Macao. Through the Macao Foundation, the Government has set up a 10-billion-pataca community support fund, to assist affected Macao residents, employees and businesses with overcoming the difficulties in living or operating arising from the pandemic.

Meanwhile, we will work harder to safeguard and improve people's livelihoods, secure market supplies and stabilise consumer prices. The Government is committed to solving people's problems related to housing,

transport, healthcare, social security and environmental protection, and will continue optimising our work for people's well-being.

The Government will expedite the construction of public housing, to ensure the basic living conditions of local residents; and accelerate the approval and construction of public housing to increase supply. We will increase the supply of Home-Ownership Scheme housing in response to the actual demand, and proceed with the construction of public housing in New Urban Zone Area A – where construction of 3,011 Home-Ownership Scheme housing units on lots B4, B9, and B10 has commenced, and will be followed by the Venceslau de Moraes, Toi San and Mong Ha public housing projects, while work on the design for the first phase of the public housing project on Wai Long Avenue has also commenced.

We will develop a rational home ownership ladder in response to the housing needs of residents at different income levels, especially the "sandwich class" and young people. We will commence special law drafting work after a public consultation on the specifications of housing for the sandwich class. The housing scheme for senior citizens is now in its research and design stage, and the process of drafting the related law has commenced the law. With reference to the opinions gathered from the first round of consultation, we will improve the drafting of the Urban Renewal Law and submit it to the Legislative Assembly for deliberation as soon as possible. We will expedite the amendment of the Home-Ownership Scheme Housing Law. The Home-Ownership Scheme Housing units will retain their nature and original purpose, to facilitate healthy development of the real estate market.

We will coordinate planning, construction and management of domestic and outbound transportation networks, to mitigate commuting problems. We will implement the "Public Transport First" policy, address the issue regarding expiry of bus concession contracts, and enhance management of taxi operations. We will expedite Light Rail Transit (LRT) construction and perfect the mass transit system, with complementary LRT and bus services. We will gradually develop accessible and convenient walkways, to encourage walking and green commuting.

We will enhance public healthcare standards, optimise the medical and health system, strengthen cooperation between public hospitals and private healthcare organisations, improve medical treatment facilities, reinforce cultivation of healthcare professionals, and elevate the quality of healthcare services personnel. We will expedite construction of the Islands District Medical Complex, and commence operation of the Praia do Manduco Health Centre in the latter half of the year. The Government will also help eligible Macao residents to join medical insurance schemes in mainland China.

The Government strives to provide residents with quality and diverse community services and social security through comprehensive policies and measures. We will optimise various social support and welfare systems, enhance provision of social services facilities, perfect the two-tier social security system, facilitate the gradual transition of the Central Provident Fund

System from non-mandatory to mandatory, make proper use of the fiscal surplus, and ensure long-term, stable operation of the Social Security Fund.

While increasing support and care for the elderly, we will strengthen research and planning regarding policies and measures in response to the ageing population. The Government will establish a multi-service centre for the elderly, and a multi-service centre for patients with dementia, set up new elderly day-care centres, optimise support services for senior citizens living alone, and consider constructing apartments for senior citizens who satisfy certain financial conditions but need to be cared for.

We will optimise rehabilitation policies and promote community integration, support people with disabilities wishing to pursue further education and employment, and optimise the creation of barrier-free environments. We will also implement the Carers Allowance Pilot Scheme to support families with special difficulties, strengthen protection of the rights of women and children, facilitate implementation of family-friendly policies, strengthen trans-generational harmony in families, which is an important foundation for social harmony, and diligently promote women's development.

We will expedite amendment and formulation of labour laws, to protect local employees' rights according to the law, perfect the occupational safety and health management system, and promote harmonious labour relations. By promoting adequate economic diversification, we will continue creating new employment opportunities, and implement measures in response to the pandemic to secure employees' basic livelihoods.

The Government will effectively implement "paid training", and "welfare-to-work schemes" to provide "in-service training" for personnel who have become redundant as a result of the pandemic. We will improve the exit mechanism for non-resident employees, and effectively protect local citizens' employment rights, strengthen coordination of and improve vocational training, to enhance the relevance and effectiveness of vocational training, encourage citizens to acquire vocational licences to enhance their vocational skills and competitiveness, and ensure employment priority and upward mobility for local employees.

(4) Optimise talent cultivation policies and strengthen education and youth services

Talented people are the fundamental resources for development, while also serving as the pillar of a city's competitiveness. To catch up with the pace of modern development, and at a higher level and with better quality, it is crucial for us to nurture and reserve talented people in various disciplines. The Government will strengthen and promote education, to expedite nurturing local talented people for the needs of Macao's development. Meanwhile, in response to the actual needs of socio-economic development, the Government will adopt a more open-minded attitude regarding importing all kinds of talented people as required, to break through the development bottleneck resulting from shortages of human resources.

The Government will review and refine the policies and mechanism for attracting talented people. We will set up a high-level vetting committee for talent importation, and establish an open, fair, scientific and standardised talent assessment mechanism, which clearly defines the standards of talented people and the quotas for admission. The import of genuine talented people required for Macao's socio-economic development requires strict assessment and approval processes, to block any loopholes. At the same time, the Government encourages local talents who are working and studying abroad to return to Macao.

According to a Chinese saying: "It takes ten years to grow trees, but a hundred years to nurture people." Education is a long-term development strategy. The Government will merge the Higher Education Bureau with the Education and Youth Affairs Bureau, to optimise allocation of educational resources and promote coordinated development of education. The needs for rapid development can be met by ensuring financial investment in education, and improving the quality of education to keep it abreast of the times. Advocacy of "whole-person education" helps to foster all-round development of students, and nurtures talented people with capability, integrity, ambition and courage.

The Government will also reinforce teacher training, continue improving the quality of teachers, and expedite reform of academic programmes and teaching reform. We support online teaching development by facilitating the integration of information technology and education. We will also improve teaching environments and educational facilities in schools, to establish a quality education system that embodies Macao characteristics and high international competitiveness.

After years of development, the tertiary educational institutions in Macao have established unique characteristics and brands. Based on the premise of protecting local students' admission to tertiary education, the Government will seize the opportunity to study the potential for local institutions to increase their ratio of overseas students admitted, hence expanding sources of students.

Higher education institutions are gradually heading towards market-oriented development. We will support teaching, scientific research and application of research results of tertiary institutions, to promote innovative development of these education institutions, enabling them to develop cross-curricular, interdisciplinary scientific research and academic programmes, with the aim of enhancing Macao's comprehensive strength in scientific research. The Government will also facilitate integration of science and technology with the economy, seeking to increase the contribution of technological progress to economic growth.

The Government will make the best use of Macao's advantages in tourism education and Portuguese language education, to nurture quality talented people with expertise in tourism and individuals who are bilingual in

Chinese and Portuguese. We will also proceed with developing Macao as a Guangdong-Hong Kong-Macao Greater Bay Area tourism education and training base, a global centre for tourism education and training, an international Portuguese training centre, and a cradle for cultivating talented individuals who are bilingual in Chinese and Portuguese.

The Government will reinforce patriotic education through setting up a patriotic education base in Macao, offering a new venue for schools and community organisations for patriotic education, in the form of lesson enhancement and educational activities on various themes with a common thread to emphasise patriotism. Besides intensifying Chinese history education, we will also promote glorious traditional Chinese culture and education on traditional Chinese etiquette culture, with a view to enhancing students' sense of belonging to their nationality and ethnicity.

The Government will pay extra attention to the growth of young people by supporting youth development, and nurturing the younger generation with a sense of national identity, and an international perspective and competitiveness. The Government will also step up coordination efforts for youth affairs, to create essential criteria for young people in learning, employment, entrepreneurship and development. We will encourage young people to pursue self-enhancement, adopt a proactive attitude and arouse them to strive for achievements.

On the other hand, the Government will help young people to participate in the development of the Guangdong-Hong Kong-Macao Greater Bay Area, and integrate into the overall development of the nation. By reinforcing patriotic education for youth, Macao people's core value of our love for the country and for Macao will be passed on through generations. The Government will work together with the community to enhance the relevance, precision and effectiveness of youth development work.

(5) Strengthen urban planning for construction of a smart city

Based on the principles of "Putting people first" and "Scientific planning", the Government will expedite urban infrastructure construction, accelerate the process of formulating Macao's overall urban planning, implement urban renewal works, and expedite completion of the bill on urban renewal. We will effectively use the 85 square kilometres of territorial waters of Macao's jurisdiction, to expand the room for living and development for Macao people. We will appropriately administer and use Macao's land resources, to plan and make good use of idle land that is lawfully recovered.

We are committed to developing a "Digital Macao" – a new, world-leading administrative region that adopts smart technology. We will strengthen our 5G network and data centre, and expedite construction of digital infrastructure facilities. Through utilising the newest generation of information technology, we will continue enhancing Macao's smart technology in urban management, industrial development, government services and community management – promoting smart city development focusing on smart governance, smart

border crossing, smart healthcare, smart tourism and smart transport, to realise in-depth integration of information technology and city modernisation.

We will optimise environmental protection policies, improve environment protection mechanisms, promote green development, strengthen management of environmental pollution problems, protect ecosystems, and actively publicise environmental protection concepts, to build a world class low-carbon, clean and beautiful green city.

(6) Foster cultural diversity and promote cultural exchanges

Culture is the spirit of a city. The Government will fully leverage Macao's advantage of multiculturalism, especially our long-standing history in Sino-Portuguese cultural exchanges and abundant humanistic resources, to define our positioning in the development of the Guangdong-Hong Kong-Macao Greater Bay Area, and establish Macao as a base for international multi-cultural exchanges and cooperation with an emphasis on Chinese culture.

We will enrich the city's multicultural life, promote international exchanges, and facilitate introducing Chinese culture to the world. We will also leverage Macao's close connections with Portuguese-speaking countries, through organising various activities, to realise multi-disciplinary, multi-level and multi-channel cultural exchanges and cooperation with Portuguese-speaking countries.

We will seize the opportunities arising from the 15th anniversary of the Historic Centre of Macao's inclusion in the World Heritage List, intensify promotion of Macao's world cultural heritage, strengthen legislation related to protection and management of the historic centre of Macao, enhance public awareness of protecting our cultural heritage, and do our very best in cultural conservation work.

The Government will support development of sports, and continue implementing a dual-emphasis policy on promoting sport-for-all and competitive sports. We will increase and improve sports facilities to encourage public participation in sporting activities, for boosting physical fitness. We will also contribute more to nurturing sport talents, and support our athletes with competing in international sports events and contests.

We will enhance the functions of culture and sports in tourism development, by adding more cultural and sport elements to the tourism industry; discover stories about Macao's world cultural heritage and history; encourage local cultural and art creation for the development of cultural and creative industries; support organisation of various cultural and art activities, and promote cultural tourism. We will leverage Macao's advantageous international network to hold various international sports competitions and branded events; and support gaming operators with organising various cultural and sports events to increase the proportion of non-gaming revenue.

(7) Strengthen anti-corruption and auditing for a corruption-free and efficient government

Integrity is the basic requirement of a civil servant. We never slacken in reinforcing corruption-free governance. The Government must ensure absolute integrity in the civil service, and zero tolerance of corruption.

We persist in combating and preventing corruption, cracking down on corruption in public and private sectors, supervising operations of public departments, and combating administrative infractions or misconduct according to the law. Integrity education will be intensified among government departments, to continue alerting public servants regarding observing the law. We will continue organising a comprehensive range of anti-corruption and integrity fostering events, and invite the public to engage in, support and monitor our corruption-free governance.

The Government will also strengthen and improve auditing work, and expand the coverage of audit. We will keep pace with the times and social development, step up efforts to monitor policy implementation and use of public assets, discover problems and hidden risks in time, and make viable recommendations or give suggestions regarding auditing to related departments, to prevent substantial damage and wastage, enhance effective use of public resources and the performances of government departments, thus improving standards of public governance.

(8) Sustain Macao's stability and security

A country is the foundation of a home. The Government will continue safeguarding national security, and establish laws and regulations, administrative system and executive mechanisms, to ensure national safety. We will continue upgrading the quality and law enforcement capability of the police force, persist in strengthening the police force through technology, and enhance internal and external monitoring mechanisms and cooperation between citizens and the police. We will also deepen joint actions and cooperation between regional police, to maintain public order.

Building a safe city is an important basis for stable development of society. The Government is committed to strengthening its risk prevention and crisis management capability, and coordinating inter-departmental actions to ensure public safety. We will summarise and review our experience in combating the coronavirus (COVID-19) pandemic and disease prevention, and discover our deficiencies, making infectious disease prevention the priority for a safe city. We will further improve the mechanism for responding to public health emergencies, formulate contingency plans and disaster relief reserves, and strengthen coordination mechanisms, to safeguard our line of defence for public health and the city's resilience.

We will perfect our anti-terrorism mechanisms, strengthen the structure of professional teams, and enhance our contingency and prevention capability, to

prevent infiltration by external forces and any resulting negative impacts, and ensure the stability and harmony of Macao.

We will implement effective fire and disaster prevention work, and proceed with the legislation for fire prevention and dangerous goods regulation, to prevent major incidents that impact safety. The Government will continue launching civil protection publicity and education and organising major drills, to raise public awareness of potential risks and capability for self rescue and mutual aid. We will also optimise the public services emergency information dissemination mechanism, to ensure precise and timely delivery of disaster and pandemic information.

To enhance monitoring, forecasting and alerting capability, we will perfect the weather monitoring network. After completion of the anti-flood simulation system and science argumentation, we will commence construction of flood prevention and drainage projects along the Outer Harbour and Inner Harbour, to safeguard the lives and properties of local residents.

IV. Participate in overall national development and facilitate adequate economic diversification

(1) Participate in development of the Guangdong-Hong Kong-Macao Greater Bay Area and overall national development

In the new era of national development, integrating into overall national development is a great opportunity for Macao to achieve success in adequate economic diversification and sustainable development, as well as to strengthen its status and functions in the nation's economic development and opening to the world. It is also a fundamental approach to solving the problem of limited space, and exploring new development directions.

The Guangdong-Hong Kong-Macao Greater Bay Area is the most accessible channel and the most extensive platform for Macao to integrate into the overall national development plan. Macao will leverage its unique advantages, including the principle of “One country, two systems”, its status as an international free port and a separate customs territory. Macao has a sound footing arising from its position as “One Centre, One Platform, and One Base”. We will proactively participate in the development of the Greater Bay Area and integrate into overall national development. The Government will strengthen cooperation with Guangdong province and the Hong Kong SAR, to effectively implement the Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area, and to pragmatically advance the development of the Guangdong-Hong Kong-Macao Greater Bay Area.

The Government is comprehensively eliminating tangible and intangible barriers and obstacles between Macao and other Greater Bay Area cities through communication, coordination and collaboration. By doing so, the flow of people, goods, capital and information under the principle of “One country, two systems” will become more convenient and efficient, gradually forming a unified market.

We will coordinate infrastructure development with the Greater Bay Area cities, intensify mutual connections and access to trans-boundary infrastructure, continue developing innovative border crossing systems, and enhance the convenience of customs clearance at border checkpoints, to form an integrated infrastructure network with good functionality, smooth articulation and high operability. We will accelerate the completion and commence the operation of the New Guangdong-Macao border crossing checkpoint, expedite construction of Macao Light Rapid Transit (LRT) elevated railway linking Macao and the Hengqin border checkpoint, and strive to integrate our LRT system with the national high-speed railway network. The Lotus Flower Checkpoint will be relocated to Hengqin Checkpoint; part of the area was handed over to Macao on 18 March this year.

On the other hand, we will foster alignment of the legal and administration system with the predominant system in the Greater Bay Area, and reinforce policy coordination and planning transition with Greater Bay Area cities, to

create a favourable environment for more convenient and efficient mobilisation of resources within the bay area. During the process, Macao will benefit from opening a larger market and seizing more development opportunities, but will inevitably face keen competition and challenges. All sectors of Macao must have an open mind with innovative thinking and novel concepts, and boost our inner strengths and competitiveness through self-enhancement, to participate in the development of the Greater Bay Area with a more open and inclusive attitude.

(2) Continue advancing the development of Hengqin and facilitate economic diversification

Hengqin is Macao's starting point for its participation in the development of the Greater Bay Area and its integration into national development. This new area provides the most convenient and suitable space for Macao's diverse economic development. During President Xi Jinping's visit to the Hengqin New Area in 2018, he stressed that, "The initial intention of developing the Hengqin New Area is to create a favourable environment for Macao's diversified industrial development."

The Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area also explicitly suggests expediting the construction of important platforms such as the Hengqin New Area in Zhuhai, to leverage the functions of an experimental demonstration zone for deepening reform, opening up and fostering collaboration. At the inauguration ceremony of the fifth MSAR Government, President Xi again stressed the importance of "Development of Hengqin through the joint efforts of Zhuhai and Macao."

We will strengthen cooperation with Guangdong province and Zhuhai for joint development of Hengqin. Our first priority is to adopt top-down design. The Government will achieve the goal of establishing a Guangdong-Macao in-depth cooperation zone in Hengqin with a new mindset and method, more open thinking and an innovative spirit. Combining Macao's advantages, such as the principle of "One country, two systems" and its status as an international free port, with Hengqin's advantages in terms of resources and space, we will establish an open economy and elevate it to a higher level. We will develop a mechanism for mutual consultation, mutual development and mutual benefit between Guangdong and Macao, to create a high-level open zone featuring Chinese characteristics combined with the advantage of "two systems", which can serve as a pioneering demonstration zone of regional cooperation under the principle of "One country, two systems", and a new platform for realising "One country, two systems".

The Guangdong-Macao Intensive Cooperation Zone fully aligns with market systems meeting high international standards. We will formulate rules and regulations adapting investments and trade rules and regulations that meet high international standards, by referring to the standards of international free ports, and create a highly internationalised, institutionalised, and convenient innovative business start-up zone with a similar business environment to Macao. The cooperation zone will implement an investment

and financing system with a high degree of openness, adopt an innovative customs clearance mode to eliminate institutional obstacles and policy ramparts, and promote optimised allocation and free flow of resources.

Adequate economic diversification is definitely the path for Macao's development. We need to put in sustained efforts, and adopt a proactive and flexible attitude to move forward. Macao faces constraints in terms of space and resources. Regional cooperation, especially in the development of Hengqin, is essential for Macao to create conditions for adequate economic diversification.

However, the goal of Macao's adequate economic diversification is not limited to generating revenue and creating wealth, but also for building a foundation for Macao's economy to achieve long-term stability, offering a new development platform for Macao people, especially the younger generation.

Meanwhile, Macao also needs to gain a foothold in the overall national development plan, through utilising Macao's unique status based on the principle of serving our country's needs by leveraging Macao's advantages. Macao will make good use of its position as "One Centre, One Platform, and One Base" by fully leveraging its advantages as a separate customs territory and an international free port. The planned development aligns with national development strategies, such as the "Belt and Road" initiative and the development of the Guangdong-Hong Kong-Macao Greater Bay Area.

These measures will further enhance Macao's integration into the new sectors and new business environment of the national industrial chain, playing a new function in serving the country's comprehensive reform and opening-up. Thus, it enables Macao to achieve new development and make new contributions. Specifically, the cooperation zone needs fully leverage its advantages in the following ways:

- Explore the development of hi-tech sectors and contribute to high-quality national development. We will seize the opportunities for construction of the Guangzhou-Zhuhai-Macao Science and Technology Corridor in the Greater Bay Area, to create a pillar for establishing an international innovation and technology hub in the Greater Bay Area. We will fully utilise the leading technological roles of the State Key Laboratories in Macao, to attract both international and national experts in science and technology, intensify development of key technological infrastructure, and selectively explore the development of new hi-tech industries;
- Fully utilise Macao's functions as a platform between China and Portuguese-speaking countries to contribute to the country's full opening-up. Hengqin can remedy Macao's insufficiencies in space and resources, and fully utilise Macao's functions as a platform between China and Portuguese-speaking countries. We will leverage Macao's advantage of being able to process maritime vessel registration, to explore oceanography cooperation with

Guangdong-Hong Kong-Macao Greater Bay Area cities, other mainland China regions and Portuguese speaking countries. This will help to develop Hengqin as an important platform for implementing “Blue Partnerships” between China and Portuguese-speaking countries. Developing digital commerce between China and Portuguese-speaking countries and cross-border electronic commerce enables Macao to integrate into the national trade value chain, establish a Sino-Portuguese international trade centre, and act as a platform for economic and trade activities between China and Portuguese-speaking countries;

- Promote developing Macao as a world tourism and leisure centre, which aligns with the joint development of the Hengqin International Leisure Tourism Island. We will develop multi-destination tourism products and jointly establish a world-class tourism and leisure destination, conduct research on creating a leisure tourism zone along the two banks of the river between Macao and Zhuhai, strive to construct an international leisure vacation centre, and build quality international shopping centres and an international city of gastronomy. We will promote professional and market-oriented development of the convention and exhibition industry, to attract and nurture internationally influential and competitive branded conventions and exhibitions;
- Capitalise on Macao’s advantages arising through its long-established Chinese and Western cultural exchanges. We will expedite developing Macao as a base for international multicultural exchanges and cooperation with an emphasis on Chinese culture, so that Macao will play a more proactive role in fostering cultural exchanges, mutual learning and people-to-people bonds between China and the West. Hengqin will promote development of the film and television industry and related cultural and creative industries, and discover and showcase Macao’s historic role in blending Chinese and Western cultures. We will also fully utilise Macao’s functions as a platform for facilitating exchanges and cooperation in sports between China and Portuguese-speaking countries, and leisure sports development;
- Develop Macao branded industries and facilitate industrial transformation and upgrading. We will focus on developing higher added value, energy efficient and low pollution industries, especially the traditional Chinese medicine, food and health supplements industries; make good use of the State Key Laboratory for Quality Research in Chinese Medicine as an advantageous resource to develop and produce Chinese medicine using traditional and classical prescriptions; set up an innovative research and development and transformation platform for Chinese medicines, with ownership of intellectual property rights; adjust the pathways and models of cooperation between Guangdong and Macao in the development of the Traditional Chinese Medicine Science and

Technology Industrial Park of Cooperation Between Guangdong and Macao (GMTCM Park); develop the greater health services industry; and promote Chinese medicine products and culture so they "go global"; and

- Develop a modern financial services industry and establish Macao as a financial services platform between China and Portuguese-speaking countries. Gaining a foothold in the Guangdong-Hong Kong-Macao Greater Bay Area, Macao will facilitate the implementation of the "Belt and Road" initiative, and promote financial innovation and technological development. We will strengthen development of financial software and hardware infrastructure, perfect the legal system governing financial services, and strive to lower the entry thresholds for financial institutions such as banks and insurance companies in Macao, to realise free flow of capital between Hengqin and Macao; and set up a cross-border Renminbi clearing centre and explore ways to establish a stock market using Renminbi for settlement, to facilitate development of a modern financial services industry.

Macao will make use of its advantages as a separate customs territory, and an economic and trading service platform between China and Portuguese-speaking countries with a network of external relationships, and combine these with Hengqin's advantages in terms of space and resources, to strengthen its external accessibility and cooperation functions, build a channel for exchanges and cooperation between mainland China and countries and regions along the "Belt and Road", especially Portuguese-speaking and Latin-speaking countries, thus contributing to the country's full opening-up.

Hengqin represents a new path, a new opportunity and a new hope for Macao's future development. After years of immense effort, Hengqin has the potential to become a high-quality development zone and a highly liberal and open place for living. Meanwhile, it will also enjoy excellence in innovation, perfect urban features and a favourable ecosystem.

While Macao is realising infrastructure inter-connectivity with Hengqin, Macao and Hengqin are also implementing cross-border integration in public services and social security systems. The Government will explore the possibility of extending its healthcare services and social security system to Hengqin, enabling Macao citizens to expand their favourable living space.

We will also expedite the development of Macao New Neighbourhood in Hengqin, which includes elderly care, residence, education and healthcare functions, creating a more convenient environment for Macao people in terms of education, employment, entrepreneurship, elderly care, and living in Hengqin.

Both the Guangdong-Hong Kong-Macao Greater Bay Area and the Guangdong-Macao Intensive Cooperation Zone will create a broader horizon for and inject new energy into the long-term development of Macao. The

initiatives provide unprecedented opportunities and a new development platform in terms of innovation, entrepreneurship and employment for Macao people, especially young people. The Government and all sectors of society should proactively seize the opportunities and make good use of this platform, to ride on the express train of national development and achieve new milestones.

Conclusions

President, members of the Legislative Assembly,

During the past 20 years of development, Macao has become an international city with unique characteristics and charm. We are proud of the results Macao has achieved in its development, and this pride reminds us of our responsibilities.

The Government comprehensively and correctly upholds the principles of “One country, two systems”, “Macao people governing Macao” and a high degree of autonomy, strictly follows the Constitution and the Basic Law, and safeguards the absolute power of governance of the Central People’s Government and the sovereignty, security and development interests of the country. While doing so, the Government will leverage Macao’s advantages, show our great foresight, be well-prepared for adverse situations, and be innovative and pragmatic. We will continue exploring the development path for implementing “One country, two systems” with Macao characteristics, uniting with all sectors to build a corruption-free government, a diverse and prosperous economy, a safe and peaceful place for living and work, and a civilised and advanced society, with the aim of optimising the construction and development of the Macao SAR.

In the remaining eight months of the year, I hope that our civil service will remain practical yet motivated to take pragmatic measures, fulfil their duties, and strive to respond to the expectations of Macao people. Meanwhile, the Government will strengthen communication with the Legislative Assembly, the residents and all sectors of the society, to draw on collective wisdom and make concerted efforts in the development of the Macao SAR.

I believe that the concern and support of the Central People’s Government and people in the mainland China, as well as the concerted efforts of Macao residents, can ensure stable and long lasting implementation of “One country, two systems”. Macao’s future will be even brighter and better.

Finally, I would like to express our sincere gratitude to the Legislative Assembly, all Macao residents, civil servants, the Liaison Office of the Central People’s Government in the Macao Special Administrative Region and all its representative offices in Macao for their full support for Macao.

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