

Policy Address for the Fiscal Year 2018

**The Government of the Macao Special
Administrative Region
14 November 2017**

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Be pragmatic yet enterprising, and share the fruits of
development

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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 the Policy Address for the Fiscal Year 2018 for its deliberation.

During the past year, the internal and external environment remained complex and volatile. Leveraging the institutional advantages of “One country, two systems”, we overcame the difficulties, facilitated a gradual economic pick-up, continued optimising the establishment of systems, consistently improved people’s livelihoods, maintained sound public finances and kept the unemployment at two percent, to consolidate a stable foundation for social development as a whole.

As of September 2017, the Government had a basic reserve and an excess reserve of 127.945 billion patacas and 355.567 billion patacas, respectively. The balance of the budget of fiscal year 2016 was 21.681 billion patacas. Upon settlement of the budget, the total excess reserve and the total reserve will reach 377.248 billion patacas and 505.193 billion patacas, respectively. The foreign exchange reserve will be 157.930 billion patacas. The Government has adopted a sound fiscal and financial policy by upholding the principle of fiscal balance, by spending within its means according to the Basic Law of Macao.

2017 is the second year for the Government to implement its first Five-Year Development Plan. Following the successful commencement, and a completion rate of up to 80 percent during the first year of implementing the plan, a satisfactory completion rate is anticipated for the coming year.

We understand that legal institutionalisation and inter-departmental coordination are still our administrative shortcomings. We are determined to resolve the problems through strengthening centralised leadership, expediting administrative structural reform, and strictly implementing the accountability system for leading departmental officials.

The Government has begun implementing the following measures: establish the Working Committee for the Development of the “Belt and Road” Initiative; coordinate the MSAR’s participation in and support for realising the “Belt and Road” initiative; collect opinions from all sectors regarding Macao’s participation in planning the development of the Guangdong-Hong Kong-Macao Greater Bay Area; facilitate border-crossing traffic arrangements, for commencing operation of the Hong Kong-Zhuhai-Macao Bridge; commence legislative procedures regarding the Maritime Area Management Framework Law; and commence the second-phase administrative structural reform.

During the year, we encountered severe impacts from the strongest typhoon in Macao since records began in 1953. With the support of the Central People’s Government and the assistance of the People’s Liberation Army Macao Garrison, sister provinces and regions and all representative offices in Macao, as well as the mutual support of the public, the Government joined hands with all sectors in society to overcome the difficult time, and made our best efforts in disaster relief work, to gradually resume Macao people’s normal daily lives and maintain the stability of the economy and society.

The disastrous typhoon prompted serious reflection on our part while encouraging us to tackle challenges head on. The Government set up the Commission for Reviewing and Monitoring the Improvements of the Response Mechanism to Major Disasters, and completed the Working Report of the China National Commission for Disaster Reduction’s Expert Group on Assessing Typhoon Hato Damage in Macao with the assistance of the expert team, with the aim of consolidating the experiences and lessons learned, along with identifying problems and ways to make improvements.

The report delivered by President Xi Jinping at the 19th National Congress of the Communist Party of China affirmed the new missions and strategies for all social developments. The governance of Hong Kong and Macao and the principle of “One country, two systems” are included in the national governance system, establishing a new vision and a grand plan to be realised. The report fully reflects the nation’s strong support of Hong Kong and Macao affairs, and the care and concern for the people of the two special administrative regions. The discussion of Hong Kong and Macao affairs in the report is highly thoughtful and with a clear direction. We shall fully grasp the implications of the report and press ahead with its implementation.

Stepping into the new year, we must seize the opportunities arising from our country’s development, to fully implement the Five-year Development Plan of the Macao Special Administration Region, enhance our cognisance of larger interests and awareness of potential risks, strengthen our ability to respond to

incidents, and improve our emergency response mechanism. With the public interest in mind, we will strive to improve policies and measures, to lay a more solid foundation for the future development of Macao.

President, members of the Legislative Assembly,

The eight major development strategies of the Five-year Development Plan of the Macao Special Administration Region centre on enhancement of the city's competitiveness, and raising Macao's overall status and influence in regional and international exchanges.

In the coming year, the Government will continue being guided by the eight development strategies, refine its administration according to the strategies, follow up reviews and investigations for improvement, and facilitate realisation of all objectives.

I. Continue Perfecting the Five Long-term Mechanisms for People's Well-being

People-oriented development and sharing of achievements are the basis and goal of the establishment of "One Centre, One Platform". We will optimise the model of comprehensive support and multi-level coverage, continue perfecting our five long-term mechanisms regarding the social security system, housing, education, healthcare and talent cultivation, and optimise livelihood projects.

(1) Consolidate social security system and optimise measures for people's well-being

The Non-mandatory Central Provident Fund System will come into effect on 1 January 2018. The Government will adopt a three-pronged approach to perfecting the social security system: develop a two-tier social security system – with social support and social welfare, to facilitate synergy between caring and self-improvement; integrate poverty relief and alleviation; and enhance the fundamental social security network.

After the impact from Typhoon Hato this year, the Government implemented a series of emergency relief measures, to help affected residents, business operators and small and medium-sized enterprises (SMEs). As at the

end of October, 36 relief measures had been launched, involving expenses of about 1.757 billion patacas.

According to the related assessment mechanism, it is recommended that the Minimum Subsistence Index will be maintained at 4,050 patacas from January next year. The Government will continue implementing the Short-term Food Assistance Programme, and enhance temporary and emergency relief measures.

The Government suggests continuing to disburse an extra one month's financial assistance to families registered with the Social Welfare Bureau, a special subsidy for three categories of disadvantaged families, and a special living allowance through the Social Inclusion Scheme.

The Government will continue implementing a rent waiver for public housing tenants, and disburse temporary housing subsidies for eligible families on the waiting list for public housing.

The Government will step up caring for the disabled by considering the adoption of the current temporary disability allowance scheme as a long-term measure, and following up regarding amendments to related articles of the Social Security System.

It is suggested that the Ordinary Disability Gratuity and the Special Disability Gratuity will remain at 8,000 patacas and 16,000 patacas per year, respectively. The Government will continue providing a subsidy of 5,000 per month to eligible employees with disabilities. Employers hiring people with disabilities will be granted a tax deduction of up to 5,000 patacas on profit tax or personal income tax per employee with disabilities.

Regarding students from families with financial difficulties, the Government will continue disbursing tuition fee subsidies every academic year: each kindergarten pupil or primary school student will receive 4,000 patacas, each junior secondary school student will receive 6,000 patacas, while each senior secondary school student will receive 9,000 patacas. A stationery allowance will be disbursed every academic year: the allowance for each kindergarten pupil or primary school student will increase to 2,400 patacas, while the allowance for each secondary school student will increase to 3,100 patacas. The meal allowance per student will increase to 3,600 patacas for every academic year.

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The Government will upgrade the Positive Life Programme and the Community Employment Assistance Scheme, to enhance self-reliance among the underprivileged, and continue providing a monthly subsidy of up to 5,000 patacas for eligible low-income, full-time employees.

The pension for next year will remain at 3,450 patacas per month, while it is proposed the old age allowance will increase to 9,000 patacas per month.

Pursuant to the law on Provident Fund Personal Accounts, the personal account of every eligible permanent resident of the MSAR may receive a 10,000-pataca initiation allowance from the Government. We also propose continuing to inject an extra sum of 7,000 patacas from the fiscal surplus into the provident fund account of every MSAR resident.

We propose continuing the Wealth Partaking Scheme, through offering 9,000 patacas to each permanent resident and 5,400 patacas to each non-permanent resident in 2018.

The Government will continue disbursing the Textbook Allowance. The allowances per academic year for each kindergarten and pre-school pupil, primary school student and secondary school student will increase to 2,200 patacas, 2,800 patacas and 3,300 patacas, respectively.

We will continue providing tuition fee subsidies for eligible Macao students who study in schools in Guangdong Province, and propose expanding the coverage to include all cities of the province. The subsidy for each primary and secondary school student is up to 6,000 patacas, while the subsidy for each kindergarten and pre-school pupil is up to 8,000 patacas.

A stationery allowance of 3,000 patacas will continue being provided to each Macao student pursuing tertiary education or postgraduate studies.

To encourage life-time learning, the Government will implement the third phase of the Continuing Education Programme, offering a subsidy of 6,000 patacas per person for a period of three years..

A 600-pataca healthcare voucher will continue being offered to each permanent resident of Macao, with extended validity, through an optimised disbursement system. We will continue offering an electricity bill subsidy of 200 patacas and a tap water tariff subsidy for each residential unit, and bus fare

concessions for the elderly, students, people with disabilities, and other members of the public.

The Government will implement the policy of encouraging more healthy births to increase the fertility rate. It is recommended that the birth allowance under the Social Security Fund will be increased to 5,000 patacas, and both parents can apply for this simultaneously.

It is estimated that the above-mentioned subsidies, allowances and wealth sharing will cost the Government about 12.89 billion patacas.

The Government will continue implementing the following tax cuts and waivers: profit tax allowance will remain at 600,000 patacas; 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; exemption from tourism tax for restaurants; waiver of the first 3,500 patacas of real estate tax for Macao residents; waivers of stamp duty on entrance passes and tickets for cultural and arts performances, exhibitions and entertainment programmes; and 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. The Government will also provide waivers of stamp duty for auction activities next year

The Government also proposes a reduction or waiver of motor vehicle tax for purchase of a new vehicle to replace one damaged by Typhoon Hato, with total tax reductions or waivers estimated at 227 million patacas.

To support the middle-income group, the Government will continue to implement the 30 percent exemption in personal income tax applicable to all Macao residents, with the basic allowance set at 144,000 patacas. We will also continue the 60 percent rebate of personal income tax payable by each Macao resident for the current year, subject to an increased ceiling of 14,000 patacas. The tax rebates will be disbursed in 2018.

The implementation of the aforementioned tax cuts, waivers and rebates is expected to reduce Government tax revenue by 3.851 billion patacas.

(2) Enhance security of residency and build a liveable city.

The liveability of a city is closely related to land resources and land management by the government.

The Government will follow up the recovery and processing of idle lands. By September 2017, a total of 57 annulled land grants involving a total area of 470,000 square metres were announced. The Government will prioritise the construction of public housing when using the recovered lands.

To continue optimising urban planning, the process for awarding the contract for compiling Macao's urban development master plan will be completed next year, followed by formulation of the draft plan. The Government will proceed with the zoning plan for the New Urban Zone Area A, on the basis of the overall plan for this area.

Aligning Macao's development positioning with the national maritime strategy and planning, the Government has completed formulating the Medium-to-long-term Plan for Usage and Development of the Waters of the Macao Special Administrative Region (2016-2036), to lay a solid foundation for the administration, usage, development and protection of our waters.

The Government will expedite urban renewal work, commence consultation on temporary housing programme and property rights percentage of redeveloped buildings, implement tax incentive measures, and set up a government-owned company, to gradually improve urban environment bit by bit, district by district.

We will continue implementing the public housing policy of "Public housing as the core supplemented by the Home Ownership Scheme". The screening and selection of 3,800 families on the public housing waiting list will be completed this year, and a new round of applications for public housing will commence in November. The Government will conduct rigorous assessment procedures to ensure reasonable allocation of public resources. Moreover, the Legal System for Public Housing has been submitted to the Legislative Assembly for deliberation.

Upon the completion of construction of 19,000 public housing units, the Government will commence its "post-19,000 units" public housing project. The target of constructing 28,000 public housing units in the New Urban Zone Area A will be realised in four phases. At present, the Government is formulating the draft planning conditions in the first phase, involving 7,000 public housing units. The feasibility study on the public housing project on Wai Long Avenue of

Taipa is being conducted in four phases. The phase 1 study has been completed, and phase 2 is expected to be finalised by the first quarter of next year. It is anticipated that the final report of the study will be completed in the fourth quarter of next year, and the project is provisionally forecast to provide about 6,500 public housing units. The planning conditions at the original power station site have been issued, and the housing project here is forecast to provide 1,000 public housing units. The Government is currently following up regarding the work related to the site on the western stretch of Jogos da Ásia Oriental Avenue, Taipa, which will provide an estimated 2,000 public housing units. It is anticipated that the application process for Home-Ownership Scheme housing will resumed during the coming two years.

We will improve the mechanism for monitoring the quality of construction of public housing; and assess auxiliary public facilities in a scientific, and reasonable manner. A new transport and community facility complex will be constructed in Seac Pai Van, and will include an integrated shopping centre and a multi-functional community centre, to meet the needs of residents' everyday life.

While dedicating intensive efforts to constructing public housing units, the Government will also expedite building plan approvals for private residential developments, to foster healthy development of the real estate market.

(3) Optimise a healthy city with family-friendly measures

The Government will uphold the principle of "Improve medical services and prioritise prevention", based on optimising the primary healthcare services network, to enhance cooperation between the Government, non-profit medical institutions and private medical institutions, and perfect all medical services.

We will implement an electronic health record sharing system, and optimise mobile apps and online information platforms, to more proactively deliver health related messages to the public.

We will also strengthen smoking control according to the law, perfect food safety inspection, encourage residents to develop a healthy eating habit, expand the application of Chinese medicine in the community, to deepen the building of Macao as a healthy city.

We will implement coordination of medical specialist training, assessment

and accreditation, and facilitate establishment of the System for Professional Qualification and Licensing for Medical Workers, to cultivate a professional medical services team for Macao.

We will expedite the construction of infrastructure for the medical and healthcare system – including the Islands District Medical Complex and the public hygiene specialist building, and the expansion and redevelopment of the primary healthcare services network facilities. The construction of the Ka Ho Rehabilitation Hospital in Coloane will be completed in the first quarter of next year, while the Bairro da Ilha Verde Health Centre will commence operations in the middle of next year.

The Government will increase the quotas for various rehabilitation services, implement the Ten-year Development Plan for Rehabilitation Services, optimise disability assessment work, and increase subsidised places for dementia day-care services. We will promote implementation of the General Guidelines on Design and Construction of Accessibility Facilities in the Macao SAR, to enhance the accessibility of community facilities.

We will implement a strategy in response to population ageing, improve the health conditions of elderly persons, women and children, enhance parent-child relations, and increase children's playground facilities, to promote cross-generational harmony and caring families. We will further promote the Family Policy Framework Law, making families the cornerstone of social progress.

Regarding caring for the elderly, we will commence measures related to the Ten-year Action Plan for the Provision of Services for the Elderly, fulfil the medium-term objectives of Macao's retirement protection mechanism, implement activities to improve the physical condition of elderly persons, and introduce elderly health assessment services at health centres.

The Government is highly concerned about elderly, weak or disabled persons, who live in old buildings without elevators and have difficulty walking up and down stairs. Based on optimising the existing home care and escort services, during next year the Government plans to cooperate with social services organisations to launch a commuting support scheme for mobility impaired residents living in old buildings.

To assist senior residents with entering their desired employment, the Government will develop a social enterprise scheme for elderly persons, to subsidise social enterprises in creating employment opportunities for the

elderly. We will also enhance supportive services for elderly persons who are living alone or physically weak, and anticipate increasing the subsidised places in homes for the elderly to 2,300 next year.

We will enhance maternal and child health protection, improve pre natal diagnosis and examination services, implement measures in support of breast-feeding, and attach great importance to education and medical services for children with special needs. The Government has formulated the Five-year Development Plan for Child-care Services (2018-2022), and will achieve its target of increasing the subsidised places for child-care services to 11,000, meet the needs for child-care services for two-year-old toddlers, and closely monitor the balance of distribution of child-care places in all districts.

The bill of the Professional Accreditation and Licensing for Social Workers has already been submitted to the Legislative Assembly for deliberation.

The Government will continue implementing a dual-track policy for promoting sport-for-all and competitive sports, to strengthen Macao people's physical fitness and enhance Macao's standards of competitive sports. Our existing public sports facility network was established in 2006. To cope with the rapid social development and population growth, we must review and improve our planning for optimising sports facilities, increase the area of sports venues per capita, expedite construction of the Athletes Training Centre, and seek appropriate sites for expanding sports facilities, cycling tracks and fitness trails.

(4) Letting Macao thrive through education and building Macao with talent

The Government will next year fully implement the development strategy of "Letting Macao thrive through education" and "Building Macao with talent", and increasing investment in education resources, to enhance the establishment of systems, and realise fairness in education.

The Tertiary Education System will come into effect by next year. The Government is actively following up regarding related laws and regulations, and the formation of a new organisational structure which includes the Tertiary Education Council and the Tertiary Education Fund. Investments in technological research and development will also be increased, to boost cooperation between the industrial, academic and research and development sectors, especially through implementing the framework agreement on the development of the Guangdong-Hong Kong-Macao Greater Bay Area, to enhance cooperation and promote technological innovation.

Regarding the development of non-tertiary education, the Framework of Formal Education Curriculum by-law and the Requirements for Basic Academic Aptitude of Local Education System by-law will come into effect from the 2019/2020 academic year, to realise development of curriculum with a scientific approach. The Government will implement a new integrated assessment model, with school self-evaluation as the core and supplemented by external evaluation.

We will expedite amendments to the laws and regulations on vocational and technical education and the Law on Special Education System, to foster diverse development of education.

Cooperation between the Government and the public will be promoted in schools, to enhance patriotic education and students' national awareness and belonging.

Young people are Macao's future. We hope the members of our younger generations will make good use of time to equip themselves, strengthen their abilities, and work hard for improvement, to realise their dreams.

We will implement our strategies on cultivating young people and talented people, and optimise a youth and talent cultivation system with family as the foundation, supported by education and resources, guided by government policies, and built by the joint forces of the community. We will also widen the scope of youth participation in social affairs, and foster young people's sense of mission and responsibility regarding serving the community.

In the coming year, the Government will, with the Thousand Talents Programme as the platform, focus on organising youth programmes related to knowledge of national affairs, entrepreneurship and innovation in the Guangdong–Hong Kong–Macao Greater Bay Area, and voluntary poverty alleviation services. The programme mainly subsidises young people participating in four areas: programmes that promote Chinese history and culture, national branded competitions, exchanges and cooperation between Macao tertiary students and their mainland China or overseas counterparts, and diverse youth forums.

The Government heeds the opinions of youngsters and understands their needs, improves regular channels for exchanges, flexibly and pragmatically unleash the potential of young people's intelligence and creativity, create an innovative environment for cultivating young people, continue supporting innovation, entrepreneurship and employment of young people, and enhance

related supportive measures.

We will launch the Macao Medium-to-long-term Talent Cultivation Plan – Five-year Action Plan next year; implement an incentive scheme for talent cultivation and accreditation, to encourage citizens to pursue licensing and certification; continue implementing the action plan to motivate return of talent, by encouraging local talents who are currently abroad to consider participating in the development of the Macao SAR; and continue improving the functions of a talent database as a reference for solving the shortage of manpower in various industries.

The Government will also enhance cultivation of talented people in technology, plan to further develop science and engineering education and training, integrate and optimise policies and measures on Portuguese language training to strengthen Macao's position as a cradle for cultivating talented individuals who are bilingual in Chinese and Portuguese, and enhance the comprehensive quality of tourism education, to establish Macao as a base for tourism education.

II. Expedite Urban Development

(1) Optimise the emergency response mechanism and enhance public safety

The Government will implement its development strategy for enhancing soft and hard infrastructure, while prioritising people's lives, properties and public safety, and enhance disaster prevention and mitigation capability.

We will perfect the integration of government leadership and community participation, and the mechanism for everyday prevention and emergency response; strengthen top-down coordination and inter-departmental synergy; and focus on establishing systems and investing in resources for implementing short-, medium- and long-term measures to develop a long-term disaster prevention and mitigation mechanism.

Short-term measures include: commence formulation of emergency response action plans in all departments, in order to be well prepared for establishing an overall emergency response programme; and establish a department focused on civil protection and emergency response coordination – with the main functions of coordinating regular disaster prevention and reduction work, including civil protection drills, education on

society's emergency and safety awareness, and management of material supplies for disaster prevention and reduction and disaster relief shelters.

We will perfect the laws and regulations on risk management and emergency responses, with a focus on revisions to the by-law on weather warnings and the scales for typhoons and storm surges, to raise our ability to forecast potential weather disasters such as typhoons and storm surges.

We will adopt a comprehensive management model to improve flood prevention and drainage infrastructure. Plans include constructing a new pump house at the Inner Harbour, with the tender exercise for this expected to be initiated in the first half of next year; studying the design for increasing the height of the sea embankment; inspecting all coastal sewer drainage and pipeline outlets, and repairing or installing safety valves to prevent seawater intrusion; commencing temporary flood prevention work, extended from the Inner Harbour to Ilha Verde, next year; and enhancing communication with mainland China authorities to expedite construction of tidal sluices.

Through close cooperation with the water resources departments of mainland China, the mainland China section of the fourth raw water pipeline is expected to be completed this year, while the construction of the Macao section has already commenced. This project will enhance safe operations and emergency water storage capacity of the tap water supply company.

The Government will provide additional means of emergency communication, clarify the social responsibilities of television and telecommunication operators for conveying emergency warnings and alert messages, and install warning and alerting systems at major border checkpoints and low-lying waterfront areas, for timely delivery of information on emergencies.

We will follow up regarding assessments of buildings damaged by Typhoon Hato, and plan to establish a wind resistance standard for windows, and improve management of basements and underground car parks, to optimise flood prevention during storm surges.

We will investigate weaknesses in electricity supply equipment, and revise the standards for design and installation of electric facilities, to enhance safety of electricity supplies.

We will also strengthen cooperation with mainland China, especially Guangdong province and Zhuhai, to establish a special border crossing system for emergency situations.

Long-term measures include: enhance safe operating capacity of the city by prioritising infrastructure development in new urban planning, including the planning of underground pipeline network and wind-resistance designs for buildings.

We will actively facilitate the construction of a third interconnection between the local power grid and China Southern Power Grid, accelerate construction of an additional gas-fired unit to prevent power outages in critical facilities, commence formulating a master plan for preventing and responding to disasters affecting the local power grid, and facilitate expedited progress of modification work.

We will also make good progress in medium- and long-term planning, and enhance Macao's water storage capacity with newly expanded water storage facilities. The target of the phase-one project is to expand the total capacity to 1,050,000 cubic metres.

We will make use of big data and other technologies to establish a crisis information management system, facilitate sharing of disaster information among disaster relief departments, establish a unified information release platform, upgrade the functional standards of communication network, and strengthen the damage resistance of communication infrastructure.

The Government proposes the construction of an office building on Macao peninsula for the newly formed Civil Protection and Emergency Operations Centre, to strengthen the software and hardware development of the centralised command centre; and the establishment of a third-party assessment mechanism on comprehensive disaster risks and emergency response capability.

We will improve human resources development for disaster prevention and reduction, establish a professional and efficient emergency rescue team, and strengthen professional training for meteorological staff.

Next year, we will begin formulating a ten-year plan for disaster prevention and mitigation (2019-2028), and subsequently pursue achieving all the plan targets, step by step.

To build a safe city, the Government will implement diverse measures, such as optimise community policing, promote smart policing, establish an online security centre, improve the disciplinary forces, strengthen law enforcement efficiency and capability, enhance cooperation in regional security, combat and prevent all types of crime, attach importance to anti-terrorism, intensify anti-terrorism drills, plan to conduct more comprehensive and professional anti-terrorism drills at the international airport and casinos next year, and enhance professional facilities for maritime law enforcement, to ensure and maintain public safety of the MSAR.

To align with the construction of the new Guangdong–Macao border crossing, the new wholesale market is expected to commence operations this year. The Government will reinforce the management and optimise its operating environment.

(2) Build a smart city to strengthen Macao's competitiveness

We will align with development trends to expedite our strategy of developing into a smart city. The Government's cloud computing centre and big data platform will be completed and commence operations next year. We will strictly abide by the Personal Data Protection Act. With the support of cloud computing and the big data platform, the efficiency of data exchanges between public departments will be greatly enhanced, thus enabling the Government to demonstrate the benefits of digitisation to the public in the areas of administration, transport, tourism, healthcare and public security.

The Government will speed up the formulation of a long-term development plan for the telecommunications industry, and update relevant laws and regulations, to regulate issuing and renewal of licences; and strengthen regulation of telecommunications services, to ensure network quality and expand the coverage of wireless networks. Through an inter-departmental working group, we will facilitate e-commerce and support development of a third-party electronic payment platform. We will also strive to foster technological development and popular science activities, and encourage development of smart city mobile apps.

(3) Consolidate transportation management to establish an accessible city

The Government attaches importance to solving traffic problems. Various transportation management approaches will be integrated, to create an effective, efficient and convenient green commuting environment.

From January to September this year, the number of motor vehicles recorded negative growth of three percent, indicating growth in vehicle numbers is effectively controlled. The Government will continue promoting the use of environmentally-friendly vehicles and electric cars.

We will perfect the Inspection and Administration System for Road Facilities, make use of scientific approaches and enhance project supervision, to release more road space and reduce inconvenience caused by road works.

We will improve planning of the bus routes network, to enhance bus services; and spare no effort in the comprehensive renewal of the Border Gate bus terminal facilities, to create a more spacious and comfortable environment for awaiting buses.

We will perfect the establishment of the system for taxi services, and strictly combat violations of law. The Legal System Governing Taxi Services is expected to be submitted to the Legislative Assembly for deliberation. To satisfy the demand for taxi services, 100 special taxis will commence service next year.

We will advocate the concept of green commuting by perfecting the walking routes network, developing new walking routes, and improving the walking environment.

We will also facilitate construction of the LRT system, expedite the establishment of an LRT operation company responsible for construction and operation of the LRT system, and continue proceeding with the legislation on the future operation of the LRT.

The Government will accelerate construction of transport infrastructure facilities. Upon the Central People's Government's approval of the feasibility study report on the construction of the fourth Macao-Taipa cross-harbour route, we will commence the tender invitation procedures . We will leverage the neighbouring advantages of the Macau International Airport, Taipa Ferry Terminal and LRT stations, to develop a transportation hub in the Islands District that integrates land, sea and air transport, and enhance Macao's regional and international connectivity to provide efficient and convenient transportation services to local residents and visitors.

We will improve border-crossing facilities to achieve efficient regional commuting. The construction of the superstructure of the Macao border crossing area of Hong Kong-Zhuhai-Macao Bridge and related ancillary facilities will be completed at the same time as the main structure of the bridge. Guangdong province, Hong Kong and Macao will closely cooperate to ensure smooth and safe operations and management after the bridge becomes operational.

(4) Conserve the natural environment and promote green development

Green development, recycling-based development and low carbon development are the basic approaches to achieving an ecological civilisation, which help to realise the development goal of continuous improvement of people's living quality. The Government deepens green education, promotes green industries, advocates green living, and facilitates ecological civilisation, to achieve harmonious development between mankind and nature.

The Government will announce the Macao Solid Waste Resources Management Programme (2017-2026), affirming Macao's waste reduction target for the next ten years. We will also commence improvement of construction waste landfill soil, facilitate planning of the incineration centre's phase-3 expansion project, proceed with the optimisation and design of the basic facilities of Macao's sewage treatment system, and plan to establish a centralised food waste processing facility.

With the aim of reducing waste, the Government will proceed with the legislation on the scheme to subsidise equipment for the recycling industry, the management system for construction waste in Macao, and the restrictions on

using plastic bags.

The Government will soon commence a tree re-planting and maintenance plan, to accelerate greening work, and commence the greenery restoration project along the LRT Taipa line in phases next year.

We will also enhance regional cooperation on environmental protection, including the follow up work on disposal of Macao's inert construction and demolition materials in mainland China.

(5) Foster cultural diversity to enhance cultural soft power

The Government will implement its development strategy of building a new image of "cultural Macao" to raise the city's competitiveness. Macao was a hub of the "Maritime Silk Road" in the 16th century, fostering a multi-cultural environment with Chinese culture as the mainstream and Portuguese culture as a unique feature. The combination of Lingnan- and southern European-style architectures, and different languages, religions, cultural traditions and customs have harmoniously coexisted in Macao for hundreds of years. This has laid a solid foundation for Macao to be a cultural exchange platform between China and Portuguese-speaking countries.

The Government is committed to cultural heritage education and constructing cultural facilities, conserving tangible and intangible cultural heritage, enhancing staff training to raise Macao's professional standards in heritage protection, continuing to facilitate consensus on tangible and intangible cultural heritage, commencing an assessment process, compiling the List of Macao Intangible Cultural Heritage, establishing a heritage monitoring mechanism, and commencing the formulation of the Plan for Protection and Management of the Historic Centre of Macao by-law.

The Government will also promote cultural and art education, encourage local original art creation, enrich people's cultural life, facilitate cultural exchanges with overseas parties, and demonstrate Macao's unique multicultural charisma.

We will strive to commence research on and publicise history and culture, strengthen education on related subjects for citizens – especially young people, to boost their self-confidence and pride in Chinese culture, and bolster their recognition of the mother country and nationality.

The Macanese and Portuguese residents in Macao enjoy their own unique cultures and customs. They have contributed much to the intermingling of Chinese and foreign cultures, and made invaluable efforts and contributions to the development of the Macao SAR.

III. Continue Promoting Stable Economic Development

In 2017, the economy of mainland China maintained stable progress, while the global economy saw an obvious revival, which was favourable for Macao to achieve a good performance in economic development. According to the International Monetary Fund and international credit rating agencies, Macao's macro economy is solidly placed to resist adverse impacts.

Looking ahead to the coming year, the international economic situation is still facing uncertainties. However, we are cautiously optimistic about Macao's economic outlook, and anticipate Macao's economy will continue achieving positive growth next year.

(1) Consolidate mainstream industries to build a city with more favourable conditions for travel and entertainment

The Government will implement a development strategy that fosters integration of industries and the Internet, facilitates rejuvenation of traditional industries, and strengthens the vitality of nascent industries.

We will promote healthy and stable development of tourism and gaming industries, comprehensively review and perfect the laws and regulations governing the gaming industry, strengthen supervision and law enforcement utilising technology, regulate the operation of gaming promoters, and promote responsible gaming, to strengthen the international competitiveness of our gaming sector.

We encourage gaming operators to continue developing non-gaming businesses, and integrating more leisure tourism elements into their existing operations. We also continue to support gaming enterprises to prioritise using products and services designed and made in Macao, and foster synergy between gaming enterprises and local small- and medium-sized enterprises, long-established local shops and cultural and creative industries.

The Government will implement the MSAR's Five-year Development Plan and realise the tourism development goals under the Macao Tourism Industry Development Master Plan, optimise monitoring and assessments of the tourism carrying capacity, improve management of tourist attractions, and develop smart tourism to enrich tourists' experiences.

We will consolidate and expand tourist sources and markets, enhance exchanges and cooperation with international and regional cities, explore and promote diverse tourism routes, continue discovering tourism resources, and develop more family tourism facilities.

We will foster development of budget hotels, theme parks and integrated shopping centres; leverage Macao's multi-cultural advantages to develop more new cultural tourism products; leverage the success of becoming a UNESCO Creative City of Gastronomy to promote Macao's unique gastronomic culture;

and enable neighbouring communities to enjoy the economic benefits brought by tourism, to promote community tourism and bolster vitality of SMEs.

(2) Foster development of nascent industries to promote adequate economic diversification

The Government will continue fostering the rapid growth of the convention and exhibition industry; create and facilitate new formats of events; adopt the “conventions as the priority” approach to attract more professional and international branded conventions and exhibitions to be held in Macao; encourage convention and exhibition organisers to develop guided tours, to attract high-end exhibitors and participants visiting and shopping in the community, thus promoting comprehensive development of associated industries and SMEs.

We will make more efforts to foster cultural and creative industries and enhance regional exchanges and cooperation; and enhance training of professional and management talent, to foster development of cultural and creative facilities. The Cultural Industry Fund will provide specific subsidies to support businesses with developing cultural and creative brands, such as for fashion designs, cultural performances, and publications.

The development of the Guangdong-Macao Traditional Chinese Medicine Technology Industrial Park has yielded positive initial results. The construction of a public services platform has been completed, and the first batch of priority projects are gradually commencing in the park, which helps to upgrade products of Macao enterprises, and creates a more favourable environment to attract more Chinese medicine companies to join the park. Macao’s Chinese medicine products have achieved good progress in achieving international registration, with a pilot programme in Mozambique. Registration for the European Union markets has also commenced. We will deepen technical training in Chinese medicine, and leverage the technological strengths of state key laboratories, to transform original science and technology research results into traditional Chinese medicine products, and gradually realise industrialisation and internationalisation of Chinese medicine.

The Government will actively develop specialised financial businesses focusing on financial leasing and wealth management, to strengthen Macao’s financial infrastructure; facilitate the establishment of a central credit information database; and complete the revision of the regulations on the finance leasing business. We will seize the opportunities arising through the establishment of the headquarters of the China-Portuguese-speaking Countries Cooperation and Development Fund in Macao to provide financial services for projects related to the “Belt and Road” initiative. The preparations for establishing the Investment Development Fund will be accelerated.

We will strive to facilitate traditional industries to adopt a high value-added business approach and perfect related laws and regulations, with food and

pharmaceutical industries as entry points, to help local enterprises exploring markets. We will also utilise the consistently improving local and cross-border transportation infrastructure to develop a logistics centre at the Macao border crossing area of Hong Kong-Zhuhai-Macao Bridge, to boost improvement of the logistics industry, promote integrated development of associated industries, and foster adequate economic diversification.

(3) Optimise measures supporting development of SMEs

More than 90 percent of Macao enterprises are small- and medium-sized enterprises (SMEs). In fact, SMEs form an important driving force for adequate economic diversification, and make positive contributions to social stability. Supporting development of SMEs is one of the Government's major policies. We encourage SMEs to strive for self-improvement, and actively adopt advanced technology and management approaches, to enhance competitiveness.

We have launched an action plan to support SMEs, along with continuing to optimise various financial and administrative supportive measures, and provide more and better assistance to relieve the hardships they face in business operations. We also assist them with exploring human resources, provide supportive services, and properly process non-resident employee recruitment applications submitted by SMEs.

In the coming year, we will optimise the existing licensing schemes, coordinate workflows of relevant departments, and make use of big data to reduce overlapping work process, to create a favourable and convenient business environment.

The Government will seize the opportunity of smart city building to guide SMEs in adopting new business models, developing online and e-commerce markets, and upgrading technology and equipment; and provide training to talented technicians, and enhance cooperation with e-commerce operators in mainland China to build a foundation for exploring e-commerce markets in Portuguese-speaking countries. We will also strongly support re-branding of time-honoured shops, to enhance their reputation, service quality and brand image. The Young Entrepreneurs Aid Scheme has also been optimised, to enhance young entrepreneur training, and reduce the cash flow pressure faced by young entrepreneurs.

We will make the best use of unique community resources; promote collaboration between large-scale conventions, exhibitions and festivals and SMEs; integrate the advantages of the convention and exhibition industry with traditional characteristics, to promote community consumer activities and branded festivals with more innovative elements and ideas.

(4) Enhance local resident's employment competitiveness, to build a work-friendly city

We will actively promote diverse and practical middle-to-high-level vocational training to enhance Macao people's vocational skills, and strive to enable SMEs and residents – especially the young people, technicians, managers and professionals – to participate in perfecting both software and hardware facilities, and so enhance their innovation, entrepreneurship and employability.

The Government always prioritises the protection of local employees' rights, processes non-resident employment application strictly according to the law, perfects regulation of the domestic helper market, improves the exit mechanism for non-local employees, sticks to the principle of importing foreign workers only to supplement for inadequacies in local labour, guarantees prioritised employment, and facilitates better career development for local residents.

The Government will follow up regarding the amendments to the Labour Relations Law, prioritising the items related to paid paternity leave, overlapping leave and compensation leave. The regulations for part-time employment and minimum wage have already been included in the proposals on legislation for 2018 and 2019. We will seriously listen to the opinions from all sectors, forge a consensus, and proceed to legislation.

(5) Deepen regional cooperation for integration with national development

The Government will continue deepening its regional cooperation and platform-based economic strategies, and implement alignment of Macao's five-year development plan with the national master plan. According to the country's requirements, we will fully leverage Macao's advantages and positioning to take part in regional collaboration. We will fully utilise the national policies favourable for the development of the Macao SAR, to achieve complementary advantages and enjoy common growth and prosperity with the nation.

We will strive to develop joint forces to realise integration of Macao's "One Centre, One Platform" development positioning, the "Belt and Road" initiative, and the planning of the Guangdong-Hong Kong-Macao Greater Bay Area. The Government will establish a department focusing on coordination of regional cooperation, to enhance the quality and standards of cooperation. With unimpeded trade, financial integration and people-to-people bonds as major goals, we will leverage the motivation of all sectors in society, to encourage big enterprises to take the lead in participating in regional cooperation with smaller businesses.

We will continue facilitating the establishment of Macao as the "One Platform", under the coordination of the Committee for Development of the Commercial and Trade Cooperation Service Platform Between China and Portuguese-speaking Countries, so that the "One Platform" can integrate with

Macao's adequate economic diversification for the advancement of mutual development.

According to the Framework Agreement on Deepening Guangdong–Hong Kong–Macao Cooperation in the Development of the Greater Bay Area, the governments of Guangdong, Hong Kong and Macao will join forces to develop the Greater Bay Area into a more energetic economic zone and a quality living area, favourable for living, work and tourism. It will be a demonstration zone of in-depth cooperation between mainland China and Hong Kong and Macao, and a world-class metropolis jointly developed by the three governments.

Macao should fully leverage its advantages during the national strategic process of developing the Guangdong-Hong Kong-Macao Greater Bay Area, in terms of system, location and cultural-historical heritage. We shall focus at our national positioning, and leverage our advantages to actively, effectively and flexibly participate in the overall development of the Greater Bay Area. We will strive to create favourable conditions and opportunities for the sustainable development of Macao, through participation by SMEs especially, so that Macao people can enjoy the benefits arising from this strategic development.

We will enhance communications with the Central People's Government, Guangdong province and Hong Kong, to coordinate and resolve major issues related to cooperation and development of the Greater Bay Area; consolidate the seven major areas of cooperation in the Guangdong-Hong Kong-Macao Greater Bay Area; establish a multi-cultural exchange and cooperation base with an emphasis on Chinese culture; and support all sectors of Macao to participate in the development of the Greater Bay Area.

We will spare no effort in facilitating construction of major border crossing infrastructure, to develop new operating models for more convenient border crossing arrangements.

We will deepen cooperation in livelihood areas, such as education, healthcare and social security, improve capability and standards of social management and public services, and encourage the education sector to seize the opportunities arising from the development of the Greater Bay Area to exchange ideas and develop innovative models for education.

We will deepen Guangdong-Macao cooperation, actively participate in the development of the Hengqin and Nansha sub-zones of the Guangdong Free Trade Zone, promote liberalisation of trade in services between Guangdong and Macao, and jointly create a competitive business environment.

The Government will coordinate regional cooperation with mainland China provinces and cities to widen the horizons for development; continue deepening Pan Pearl River Delta regional cooperation to explore the markets in the Portuguese-speaking, European Union and Southeast Asian countries; facilitate Macao's cooperation with Fujian; continue building the

“Beijing-Macao Cooperative Partnership” brand; prepare for the establishment of Jiangsu-Macao Cooperation Zone; deepen Sichuan-Macao cooperation; explore commencing exchanges and cooperation with the old industrial bases in mid-western and north-eastern China; improve the mechanism for communications with Hong Kong, and fully leverage the function of the Macao Economic and Cultural Office in Taiwan.

IV. Deepen Public Administration Reform

The Government will implement the development strategy of optimising its public decision-making system; uphold the responsibility for serving the public; and be positive and bold, diligent and accountable, to implement public administration reform for the overall enhancement of quality and standard of governance.

(1) Reform the public administration system and improve service quality

It is our administrative priority to establish a diligent, corruption-free, efficient and just government under the rule of law, and continue perfecting and enhancing the governance system and ability.

This year, we have completed the first phase of functional and administrative structural reform. From 2015 to 2017, we have restructured 15 public departments, abolished six public departments, restructured 11 consultative bodies, and dissolved three consultative bodies. The second phase of the reform, which will last three years, has commenced. It mainly involves 17 public departments that are responsible for the economy and finance, public security, and transport and public works.

Based on the concept of administrative streamlining, the Government will actively engage in studying the reform programme at the operational level of the public administration system, focusing on division of functions and operational mechanisms of the organisational structure, to lay a solid foundation for effective governance.

We will optimise various economy and livelihood related cross-departmental procedures, increase fully digitised public services, and perfect “one-stop” integrated services, to provide higher quality and more convenient public services.

The civil servants are the Government’s invaluable assets. They are indispensable to the implementation of government policies. After considering opinions and suggestions from the Civil Servant Remuneration Consultative Council and civil servants’ associations, the Government proposes upwardly adjusting each point on the civil service salary scale to 85 patacas in January 2018. The related bill will be submitted to the Legislative Assembly for

deliberation.

The consultation on the second stage of revision of the Civil Servant Ranking System and the preliminary plan for a rank-based salary adjustment system will commence next year.

We will steadily implement government performance management, improve the mechanism for evaluating public services quality, and optimise the promotion system for civil servants to provide more training and promotion opportunities.

The Government will review the accountability system for government officials; specify the four major accountable elements: administration, politics, law and ethics; perfect the related support systems; deepen performance assessments, refine the key elements and standard of assessments, and complete the third-party assessment; and promote national awareness and sense of responsibility of officials at all levels, to create a favourable administration culture of putting people first and ensuring parity of authority and responsibility.

(2) Enhance system establishment and realise sound social governance

We will adhere to the basic principle of “One country, two systems”, uphold the nation’s constitution and the Basic Law of Macao, and ensure the stability of Macao’s political system. With the concern and participation of all sectors of Macao, we have successfully completed the 6th Legislative Assembly Election in accordance with the amended Legislative Assembly Electoral Law, and new members of the Legislative Assembly were elected and appointed. In the coming year, we will commence the legislative procedures for the establishment of a municipal body that is not an organ of political power, in accordance with the relevant provisions of the Basic Law of Macao and based on preliminary studies and opinions collected.

Improving the channels for public participation in social affairs and establishing multiple communication mechanisms are the important approaches for achieving sound governance. The Government attaches importance to fostering talented people in governance, facilitating optimisation and restructuring of consultative bodies, enhancing rejuvenation and professionalism in consultation groups, enhancing administrative transparency, strengthening presentation and execution of policies, and lawfully safeguarding freedom of the press, freedom of publication and freedom of speech.

The Government will continue supporting the establishment of software and hardware of the judiciary, improve judicial training mechanisms, and enhance professional knowledge of judicial officers while enriching their social experience.

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We will coordinate legislation and guarantee legislative quality. Revision of the Judicial Organisation Framework Law, the Civil Procedural Code and the Penal Code, and formulation of laws and regulations related to Macao waters will commence next year.

The Commission Against Corruption (CCAC) will combat corruption according to the law, handle complaints to the ombudsman, safeguard legitimate rights and interests of the public, enhance civil servants' anti-corruption awareness, and strengthen public supervision.

The Commission of Audit will continue exercising its authority in audit based on the principles of law-abidance and independence, optimise human resources, make good use of modern technology to improve audit performance, and intensify continuous audits.

Conclusion

President, members of the Legislative Assembly:

Although we still have shortcomings in administration and are facing challenges of new and existing problems to be solved, we believe that today's Macao is enjoying unprecedented development opportunities and is far closer to achieving the common development goal. We need an innovative mind and a pragmatic and enterprising attitude for the new situation in future. We must equip ourselves, truthfully listen to public opinion, properly respond to risks and challenges, practically resolve actual problems, and follow our determined direction towards better, further and more stable progress.

We are in a crucial period of implementing “One country, two systems”, “Macao people governing Macao” and a high degree of autonomy, with enriched principles and practices. In this era of striving for success, the Government will work together with the public, secure our foothold with the support of the motherland to plan far ahead, and pass down the core values of loyalty to our country and to Macao, so that these values can be deeply rooted in all of us. We will persist with our spirit of solidarity, harmony and inclusiveness; promote social morals, professional ethics, family virtues, and education on personal morality; and combine our spiritual strengths to build a perfect home.

We shall understand the essence of the report of President Xi at the 19th National Congress of the Communist Party of China, learn by heart the new concepts, thoughts and strategies related to the basic interests of the people, and by putting people's benefits first to strive for economic growth, livelihood improvement and sustainable socio-economic development.

The Government will persist with the foundation of “One country” and leverage the advantage of “Two systems”, integrate into the overall national development plan, and fully leverage our advantages and uniqueness, to proactively transfer external support into internal driving force, driving the establishment of “One Centre, One Platform” forward to a new milestone.

Great plans require great social participation. We shall strengthen our self-confidence in the theory and in the institution, consistently reach public consensus and converge collective forces, to implement plans and policies at full speed. We shall widen the horizons for the growth and success of the younger generation, support women's extensive participation in social affairs, continue leveraging the function of overseas Chinese as an internal and

external communication bridge; and enable all Macao people to participate in development and share the achievements and happiness.

President, members of the Legislative Assembly:

We have the confidence and courage to seize the opportunities in this new era. We will endeavour to fulfil our social responsibility and historic mission, and contribute more efforts to realising the Chinese Dream of national rejuvenation, and the long-term prosperity and stability of Macao.

Finally, I extend my heartfelt thanks to the Legislative Assembly, all civil servants and the citizens of Macao for their support for our work over the past year. I also wish to express our sincere gratitude to the Central People's Government and all its representative offices in Macao for their full and long-term support for Macao's development.

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