

Policy Address for the Fiscal Year 2019

**The Government of the Macao Special
Administrative Region
15 November 2018**

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Seize opportunities for balanced 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 the Policy Address for the Fiscal Year 2019 to the Legislative Assembly, for its deliberation.

This year marks a critical moment for continuing progress with implementing China's 13th Five Year Plan. Macao is moving towards a new era, with the mother country giving rise to unprecedented development opportunities. The Government will work together with the public to seize opportunities, secure our foothold with the support of the motherland to plan for the future, and advance the great cause of "One country, two systems", "Macao people governing Macao" and a high degree of autonomy.

Macao has steadily driven its own economy towards prosperity. We have kept our employment rate at a low level, maintained stable public finance and improved livelihoods, to secure a foundation for social development, to make further progress while ensuring stability.

The Government has adopted a sound fiscal and financial policy by upholding the principle of fiscal balance, and spending within its means according to the Basic Law of Macao. As at the end of September 2018, the Government had a basic reserve and an excess reserve of 147.5 billion patacas and 367 billion patacas, respectively. The balance of the budget of fiscal year 2017 was 40.4 billion patacas. Upon settlement of the budget, the total excess reserve and the total reserve will reach 407.4 billion patacas and 554.9 billion patacas, respectively. The foreign exchange reserve will be 154.8 billion patacas.

The interim review of the Five-Year Development Plan of Macao showed a completion rate of up to 92 percent in the third quarter of 2018. A satisfactory completion rate is anticipated for the whole year.

We fully understand that we must make further enhancements in the quality of governance. The Government will listen to public opinion, consolidate community resources, enhance system establishment, make up for shortcomings in development work, and strengthen inter-departmental cooperation, to achieve better synergies.

As a national strategy, planned, deployed and implemented by President Xi, the development of the Guangdong-Hong Kong-Macao Greater Bay Area is a new initiative in the new era, to fully open up our country and promote implementation of "One country, two systems". The Government is committed to supporting the nation's unified planning by aligning the MSAR's Five-year Development Plan, implementing policies and measures for the development

of the Greater Bay Area, leveraging Macao's unique advantages, and deepening mutually beneficial cooperation with other sister cities of the Greater Bay Area, to create an international bay area and a metropolis beneficial to the people of Macao.

In the coming year, we will celebrate the 20th anniversary of Macao's reunification with the motherland. This is also a year that will see a change of administration in the MSAR. We must create a harmonious social environment to ensure effective administration. We will strive to realise our policy goals of maintaining overall stable growth, giving priority to livelihood projects, and emphasising balanced economic and social development.

President, members of the Legislative Assembly,

The MSAR's first Five-Year Development Plan emphasises its alignment with the national master plan, including its development positioning regarding the establishment of "One Centre, One Platform", deepening of regional cooperation, and integration with national development.

1. Focus on improving people's livelihoods

Adhering to providing comprehensive support and multi-level coverage, the Government integrates short-, medium-, and long-term policies to enhance social security for people's basic quality of life.

(1) Optimise the two-tier social security system and strengthen measures for people's well-being

The Non-mandatory Central Provident Fund System has come into effect, marking a milestone in development of the two-tier social security system. The Government will continue optimising the social security system formed by a two-tier social security system, social support and social welfare, as well as enhance livelihood measures for people's well-being.

According to the related assessment mechanism, it is recommended that the Minimum Subsistence Index will be maintained at 4,230 patacas from January 2019. 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 the Short-term Food Assistance Programme, and enhance temporary and emergency relief measures.

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.

It is suggested that the Ordinary Disability Gratuity and the Special Disability Gratuity will increase to 9,000 patacas and 18,000 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, and 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 2,500 patacas, while the

allowance for each secondary school student will increase to 3,250 patacas. The meal allowance per student will increase to 3,800 patacas for every academic year.

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 Government proposes increasing the pension for next year to 3,630 patacas per month, while the old age allowance will remain at 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 shall 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 10,000 patacas to each permanent resident and 6,000 patacas to each non-permanent resident in 2019.

The Government will continue disbursing the Textbook Allowances. The allowances per academic year for each kindergarten and pre-school pupil, primary school student and secondary school student will increase to 2,300 patacas, 2,900 patacas and 3,400 patacas, respectively.

We will continue providing tuition fee subsidies for eligible Macao students who study in non-tertiary institutions in Guangdong 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.

The Government will continue providing a stationery allowance to each Macao student pursuing tertiary education or postgraduate studies. We propose increasing the allowance to 3,300 patacas.

To encourage life-long learning, the Government will implement the third phase of the Continuing Education Programme, offering a subsidy of 6,000 patacas per Macao citizen aged 15 or older, until the programme concludes by the end of 2019.

A 600-pataca healthcare voucher will continue being offered to each permanent resident of Macao. 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 promoting healthy births and increasing the fertility rate. It is recommended that the birth allowance under

the Social Security Fund will be increased to 5,260 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 18.747 billion patacas.

We propose implementing the following four tax incentives:

1. To align with the implementation of the Greater Bay Area development plan, the Government encourages local enterprises to participate in innovative research and development. Enterprises can enjoy a triple reduction in profit tax for the first three million patacas of joint venture R&D expenditure, and a double reduction in profit tax for the additional expenditure, subject to a ceiling of 15 million patacas;
2. To encourage an increase in real estate rental market supply, the Government will reduce the property tax rate for leased properties to eight percent, while property tax rate for non-leased properties remains at six percent;
3. To encourage employment of elderly persons aged 65 or above and eligible persons with disabilities, the Government will increase the basic allowance of personal income tax for these persons to 198,000 patacas; and
4. To foster the development of specialised financial services, the Government will provide waivers of profit tax on investment income from local bonds issued by mainland China governments and state-owned enterprises, and exempt the stamp duty for issuing and acquiring the relevant bonds.

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;
- Waivers of stamp duty for auctions;
- Waiver of real estate stamp duty on the first three million patacas of a home's value, for Macao permanent residents purchasing a residential property for the first time; and
- Waivers of profit tax for local enterprises on revenue gained from Portuguese-speaking countries.

To support the middle-income group, the Government will continue implementing 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 tax payable for 2018, subject to an increased ceiling of 14,000 patacas. The tax rebates will be disbursed in 2020.

The implementation of these tax cuts, waivers and rebates is expected to reduce Government tax revenue by 4.243 billion patacas.

(2) Reasonable allocation of land resources to expedite construction of a liveable city

In accordance with the Basic Law of Macao, the Government is responsible for managing land resources within the territory. The Government persistently fulfils its duties in accordance with the Land Law, to strictly manage and reasonably allocate land resources.

In recent years, some land grant recipients have failed to comply with the terms of their land grant contracts upon the expiry of temporary land grants. The Government has revoked such land grants in accordance with the Land Law. The judiciary has confirmed the legitimacy of the Government's revocation, through legal proceedings initiated by recipients of these grants.

The Government will listen to and seriously consider public opinion. To complement the formulation of overall planning in Macao, the Government will properly address land issues. Based on the preparatory work by relevant departments, the Commission Against Corruption will conduct a comprehensive analysis of dossiers of announced land grant revocation, and propose solutions for monitoring and managing land grants.

As of September 2018, a total of 73 annulled land grants involving a total area of 530,000 square metres have been announced. The Government will prioritise construction of public housing and public facilities on the recovered land.

In the coming year, the Government will complete the preliminary plan for Macao's urban development master plan and listen to public opinion. We will implement the Medium-to-long-term Plan for Usage and Development of the Waters of the Macao Special Administrative Region (2016-2036), achieve the short-term goals for coastline remediation and use of nearshore waters, resolve major issues affecting people's livelihoods, and foster reasonable allocation, development and protection of marine resources.

The Government will expedite development of new urban zones, including the design and construction projects of Zones A and E1, the design of the administration and justice zone in Zone B, as well as the reclamation work for Zones C and D.

The Government will fully implement urban renewal work and endeavour to conclude discussions on property rights percentages of redeveloped

buildings. The Government will speed up the legislative procedures of the Legal System for Provision of Interim Housing and Replacement Housing, to support the city's urban renewal scheme, and formulate the by-law for establishing a government-owned urban renewal corporation and the Articles of Incorporation of the urban renewal entity.

The Government will continue implementing the policy of "Public housing as the core, supplemented by the Home Ownership Scheme", enhance supervision of the quality of public housing construction, and improve the management of public housing estates.

The Government will expedite construction of the Toi San Public Housing project and phase 2 of the Mong Ha Public Housing project. The finalised waiting list of public housing applications will be announced in the coming year. Revisions of the Legal System for Public Housing have been submitted to the Legislative Assembly for deliberation, and regular public housing applications will commence in the coming year.

The Government will fully implement the "post-19,000 units" public housing construction plan. The target of constructing 28,000 public housing units in the New Urban Zone Area A will be realised in four phases. The first phase will provide about 7,000 housing units on seven pieces of land. An estimated 6,500 housing units will be provided on Wai Long Avenue; the phase one design work has commenced. An estimated 2,000 housing units will be provided on the western stretch of Jogos da Asia Oriental Avenue, Taipa; the land clearance work and initial preparatory planning have commenced. An estimated 1,500 housing units will be provided at the original site of the power station, where work has commenced on the pile foundations.

The bill of the Home-Ownership Scheme Housing Law has been submitted to the Legislative Assembly for deliberation. The Government will resume the application process for about 4,000 Home-Ownership Scheme housing units next year.

The Government will expedite building plan approvals for private residential developments, to optimise the business environment and foster healthy development of the real estate market.

(3) Press ahead with the all-round development of education and nurture high quality talents in different fields

The Government will optimise the education system, raise the quality of education, foster education equality, strengthen patriotic education, and invest more resources to nurture talented local people.

Non-tertiary education - Perfect related laws and regulations to consolidate the 15-year compulsory education system; raise overall teaching quality and foster balanced development of various education sectors; promote popular science education and develop smart campus; cultivate all-round development in ethics, knowledge, physique, social skills and aesthetics; and

expand the sister school partnership programme to enhance exchanges and interactions.

Tertiary education – The Law on the Tertiary Education System has come into effect, and the Tertiary Education Council and the Tertiary Education Fund have been established. The Government is committed to cultivating talented people in technology and enhancing technological innovation. We will also reinforce the foundations and conduct research to strengthen cooperation between the industrial, academic and research and development sectors, and enhance standards of teaching and academic research.

The Government will steadily develop Macao as a base for tourism education and foster cooperation around the Greater Bay Area; integrate Chinese and Portuguese bilingual teaching resources and infrastructure in tertiary institutions, and establish a training base for cultivating bilingual talents who are fluent in Chinese and Portuguese. We encourage teaching staff and research staff to apply for national science and technology programmes; and support local institutions of higher education with launching programmes in the Greater Bay Area, to foster synergy and cooperation.

Talent cultivation – Human resources lay the foundation for innovation and are crucial to enhancing the overall capability of the city. The Government will optimise a long-term mechanism of talent cultivation, perfect policies on talent cultivation and related support systems, enhance transparency and the mechanism for monitoring the import of talents, compile information regarding the shortfall of talents in Macao, supplemented with related information shared and regularly announced in cities around the Greater Bay Area, to foster information exchanges regarding talents in the Greater Bay Area. We will formulate policies to facilitate cross-border flows of talented people and regional integration, and explore a mechanism to import high-calibre talented people and experts, to enable local people to broaden their horizons through interactions, gain knowledge and make achievements.

In the coming year, the Manpower Development Committee will conduct three studies on human resources and demand for talents, including on supply and demand of professional drivers, the ageing population trend in Macao, and the flows of talented people and competitive trends, to provide data for use as a reference in formulating related policies.

(4) Strategically plan for the future and coordinate youth development work

The Government is concerned about the long-term development of young people and their real needs. Youth development work has been raised to the fundamental, strategic and macro levels of the principle of “One country, two systems”.

Youth development work is a systematic project. With concerted efforts by the Government and all sectors of society, and guided by policies and resources, the Government diligently continues its youth development work to pass on the

core values of loyalty to our country and to Macao, strengthen these values, and create a favourable environment for the growth of youth.

The first phase of the Thousand Talents Programme attracted over 3,000 participants and made notable achievements. In the coming year, the Government will optimise the existing youth programmes and launch the second stage of the Thousand Talents Programme, to discover and nurture more talented youth.

The Government will coordinate the Greater Bay Area Youth Cooperation Development Plan, launch the Greater Bay Area Macao Youth Internship Scheme, commence a series of exchanges and internship programmes regarding culture and sports, extend youth entrepreneurship support services to more cities in the Greater Bay Area, establish connection of the Macao entrepreneurship and employment platform with other platforms in the Greater Bay Area to provide appropriate support to young people, and leverage the functions of the China and Portuguese-speaking Countries Young Entrepreneur Exchange Centre, to consolidate the construction of "One Centre, One Platform".

The Government will also enhance the planning and coordination of youth development work, and maintain regular, diversified and smooth communication channels with young people, to encourage them to participate in social affairs in various ways.

(5) Implement health city strategy and promote happy family building

The Government will uphold the principle of "Improve medical services and prioritise prevention"; continue optimising the primary healthcare services network, to enhance cooperation between the Government, non-profit medical institutions and private medical institutions; strengthen the capabilities for prevention, control and treatment of communicable diseases and chronic diseases; raise the level of medical services; strengthen publicity and law enforcement related to smoking control; and raise citizens' health awareness.

Pile foundations have been completed for six of the seven planned blocks in the Islands District Medical Complex, and construction is expected to commence for three of the major blocks. The nursing academy that is under construction will also be completed in the coming year. We will expedite the construction of the public hygiene specialist building. The Ka Ho Rehabilitation Hospital will soon commence operations, to provide 160 beds for rehabilitation and palliative care. In addition, two more health centres are planned for construction in New Urban Zone Area A, for perfecting Macao's healthcare services network.

The newly established Macao Academy of Medical Specialists provides centralised training for medical specialists in public and private hospitals. The System for Professional Qualification and Licensing for Medical Workers has passed its first reading at the Legislative Assembly; this will foster and nurture more healthcare professionals and establish a higher quality medical services

team.

Building a happy family and a happy Macao is the public's aspiration. The Government encourages employers to implement flexible and diverse working hours, to help employees fulfil both their work and family responsibilities. The Government also actively promotes breast-feeding, improves and builds children's playgrounds; strengthens protection of rights of women and children; and realises the development goals of women in Macao.

To promote harmony between generations and encourage home care for the elderly, the Government will enhance software and hardware for community support services, implement the Legal System for Protection of Rights of the Elderly, the Ten-year Action Plan for the Provision of Services for the Elderly, and the Elderly Persons' Social Enterprise Scheme, to support senior citizens.

To overcome the challenge of an ageing society in various ways, the Government will continue perfecting the design and auxiliary facilities of homes for the elderly, strengthen publicity on residential respite services, enhance services for dementia patients, and strengthen support for disadvantaged elderly persons and their carers, to support families that are taking care of their elderly members. A nursing home in Ka Ho has commenced operations, providing 200 places for elderly people who need intensive nursing services. In the coming year, the number of subsidised places in homes for the elderly is expected to increase to 2,400.

We will perfect our system to prioritise the distribution of childcare places for disadvantaged families, pay attention to children with special needs and their families, and expand the existing childcare network.

The bill of the Professional Accreditation and Licensing for Social Workers is undergoing the second reading in the Legislative Assembly, and will provide a system for professional development and cultivation of social workers.

We will strengthen cooperation with cities in the Greater Bay Area by developing interactive coordination and mutually beneficial sharing in the areas of cross-border elderly care, healthcare and medical services, social welfare and social support, to provide citizens with more choices of social services.

To develop sports and strengthen people's physical health, the Government will optimise the public sports network, perfect sports facilities, earmark an area of 26,500 square metres at the original site of Macao (Yat Yuen) Canidrome Club for sports facilities, maintain and optimise the existing athletics grounds and football pitches, and construct a new sports complex.

In the coming year, construction of the Athletes Training Centre will be completed. We will strengthen regional sporting exchanges, and nurture and retain sport talents. We will also perfect various sports events by adding more tourism and cultural elements.

2. Deepen urban development

(1) Enhance crisis management capacity to build a safer city

It is the Government's responsibility to protect the lives and property of the public. After developing a mechanism for long-term disaster prevention and mitigation, we have implemented 18 short-term measures and 12 medium- and long-term measures. Thanks to the support from the Central People's Government and collaboration with all sectors of the community, the MSAR Government has succeeded in overall implementation of these measures, which proved effective in limiting the impact of Typhoon Mangkhut.

In the coming year, the Government will proceed with the legislation of "Civil Protection Fundamental Law", improve our contingency planning system, and announce and implement the "Medium-to-long-term Plan for Disaster Prevention and Mitigation in Macao" (2019-2028). We will facilitate development of an insurance scheme for catastrophes, extend insurance coverage, strive to launch related proposals during next year, and initiate an open tender for provision of insurance coverage.

The Government will optimise disaster prevention and mitigation software and hardware, enhance staff training, continue optimising dissemination of messages through various channels, use advanced technology to raise overall effectiveness of disseminating civil protection information, and strengthen capability of monitoring, anticipating and raising awareness of major incidents.

In focusing on disaster prevention, we will ensure safety of electricity and water supplies. To further safeguard electricity supplies, construction of the third Guangdong-Macao electric power transmission channel will be completed by next year, enhancing local power generation and improving electricity facilities in low-lying coastal areas. To perfect the water supply system, construction of the fourth water supply pipeline will be completed by next year, and construction of the Seac Pai Van Water Treatment Plant and Ka Ho Reservoir expansion will be expedited.

Through construction work, maintenance and cleaning, the Government will solve flooding problems and improve capability of flood prevention and drainage infrastructure – including by expediting construction of sluices at the Inner Harbour, flood barriers in low-lying coastal areas, drains to intercept rainwater and stormwater, pumping stations in the Inner Harbour, and rainwater drainage in northern areas, which is expected to be completed before the rainy season next year; and implementing plans for flood prevention and drainage on the west shore of Coloane. We will also clear sludge from river beds, dredge anti-flood valves, and make it a priority to protect, clean and renovate drainage systems.

To enhance the public's capability for self help and mutual aid, in the coming year we will optimise the city's disaster prevention and evacuation system and the system for providing disaster relief; plan and refine the distribution, organisation and training of community volunteer teams; enhance

popular science education concerning public safety; and set up a system for education on contingencies by including public safety as a compulsory course in all non-tertiary institutions.

We will enhance the mechanism for responding to public health emergencies and the overall capability for implementing contingencies in the event of large-scale public health incidents. We will also make food safety and its supervision a priority, and enhance publicity regarding post-disaster food safety and strictly enforce post-disaster food safety supervision and waste disposal, to continue raising public awareness of disaster prevention and reduction.

We will consolidate a multi-level, multi-functional security and safety system for the city by optimising community policing, improving the disciplinary forces, strengthening efficiency and capability of law enforcement, enhancing cooperation in regional security, promoting interactions to prevent and respond to major incidents in the Greater Bay Area, strengthening exchanges of information on and analyses of all cross-border illegal activities, and combating and preventing all types of crime, to ensure and maintain public safety of the MSAR.

(2) Promote technological innovation for construction of a smart city

Science and Technology constitute a primary productive force. Innovation is the driving force that leads to development. The Government emphasises the promotion of innovative technology with a global vision. Adopting a top-down approach in overall coordination, we will formulate a well-established, multi-level mechanism for scientific research and technological innovation, to optimise the technology, innovation and ecology systems.

The Government has established the Working Committee for the Construction of Guangdong-Hong Kong-Macao Greater Bay Area, and its Subcommittee on Technology, Innovation and Smart City; established the Tax Concession Incentive Scheme for Scientific Research and Innovation, and strived to commence its legislative procedures by next year; and commenced a study on scientific innovation and development strategy to determine the strategic positioning of scientific innovation.

In the coming year, the Government will increase subsidies for the State Key Laboratory, and provide a start-up fund to two newly-established State Key Laboratories. We will also provide subsidies to young scientific research scholars in Macao and postdoctoral, doctorate and postgraduate students who are involved in scientific research projects.

We will launch various studies, including on the mechanism for providing financial support for and forms of funding to support technological innovation; strengthen support for major domains, such as Chinese medicine, computer chips, the new infrastructure for the Internet of Things (IoT) and artificial intelligence, space science and deep space exploration; and optimise the

admission of high-calibre scientific research talent and the related monitoring mechanism.

We will strengthen regional cooperation in technological innovation, and strive to jointly establish a local scientific research institution; actively participate in construction and use of major scientific and technological infrastructure; engage in establishing a platform for regional collaboration in innovation; improve policies supporting innovation and entrepreneurship, to encourage innovation by entrepreneurial teams; fully leverage Macao's advantages and positioning as "One Centre, One Platform" to integrate into the innovative development of science and technology in the Greater Bay Area, to jointly create an international innovative city.

To enhance all aspects of smart city development, we will develop and implement related educational, training and promotion programmes, to encourage joint participation of society in developing a smart city. We will also promote the application of big data in government administration, city infrastructure, economic development and people's livelihoods. Renovation of the Government's cloud computing centre will be completed in the coming year, and it will then commence operations.

To promote smart governance, we will establish a government data services platform, which will increase the value added through sharing and the innovative application of data resources. In the coming year, the number of e-public service items will be increased from 70 to 90. We will also promote the diverse, extensive use of electronic payment services, facilitate the electronic processing of licence applications and public services, and digitalise the restaurant licence renewal process.

To implement smart policing, in the coming year, we will establish an application platform to enable effective overall command during emergencies, which will enhance the capacities of monitoring, forecasting and coordination. We will facilitate smart transport through optimising the transportation system, transport configuration and road works coordination, as well as provision of smart commuting services. Through big data analytics, we will provide more scientific data to support making decisions on medical policies and services, as well as tourism policies.

The Government will initiate preparatory work for rolling out a 5G network and press ahead with constructing infrastructure for telecommunications operators. We will also facilitate the legislation of the Convergence of Telecommunication Networks and Services System, which will integrate the three telecommunication networks, hence providing better mobile network services to residents.

(3) Coordinate and plan traffic management for comfortable, convenient commuting

The Government attaches great importance to citizens' concerns regarding mitigating transportation problems, and spares no effort in consolidating

transportation management through multi-level, multi-channel coordination.

The Government will strive to implement the “Public Transport First” policy; continue optimising the bus network, adjust and perfect the bus station locations; and resume operation of the Border Gate underground bus terminal by the end of the year.

In the coming year, 100 new ordinary taxis and 200 new special taxis will commence operations in phases, and the Government will launch public bidding for another 150 ordinary taxi licences. Hence, the number of taxis in Macao is expected to increase to 2,050. The bill on the Legal System Governing Taxi Services is undergoing its second reading.

The Government will advocate the concept of green commuting by perfecting walking routes, strengthening greening and beautification of roads, and creating comfortable and convenient pedestrian pathways. We will expedite skyway construction, and improve old footbridges in an orderly manner, to enhance convenience for pedestrians and accessibility of facilities.

We will speed up the construction and testing work of the Light Rapid Transit (LRT). The LRT Taipa line will commence operations next year; while the LRT A-Ma station and its transport interchange are under construction, and will connect Taipa and the Macao peninsula. The project to construct a connection with the Seac Pai Van line has also commenced. The Government will study connectivity of LRT East line with Taipa Ferry Terminal, New Urban Zone Area A and the Border Gate, and the connectivity of Area A with the artificial island of the Hong Kong-Zhuhai-Macao Bridge and the Outer Harbour Ferry Terminal. The legislation on the future operation of the LRT has already been submitted to the Legislative Assembly for deliberation. An LRT operating company will also be set up, to be responsible for establishing and operating the LRT system.

We will expedite commencement of construction of the fourth Macao-Taipa cross-harbour bridge, and achieve progress with studies and preliminary design of the fifth Macao-Taipa cross-harbour route.

We will explore new ferry routes in Macao and nearby waters, follow up regarding the moderate opening of the civil aviation market, and facilitate the renovation and expansion of Macau International Airport.

As the Hong Kong-Zhuhai-Macao Bridge has commenced operation, the Government will strive to expand the room for development of Macao’s logistics industry by improving the transportation network, optimising traffic management, and solving traffic congestion problems on connecting roads, to improve passenger flows and logistics.

(4) Promote harmony between mankind and nature to build an ecologically advanced city

The Government will deepen ecological education, promote the use of

green energy and strengthen public awareness of environmental protection.

We will construct an integrated system for managing mobile pollution sources, to improve the ecological environment through measures such as education on environmental protection and implementation of the polluter-pays principle. We will also encourage reduction of plastic waste by introducing plastic bottle recycling machines and strive to complete the legislation on restrictions on the use of plastic bags”.

We will speed up the construction of environmentally-friendly infrastructure, implement the Macao Sewage Treatment Facilities Master Plan, and optimise the Macao Peninsula Sewage Treatment Plant and its operations and maintenance. We will complete the design for upgrading Coloane Sewage Treatment Plant during next year, and will continue promoting electric vehicles, to achieve the goal of installing 200 electric chargers throughout Macao.

The Government will allocate an area of 15,000 square metres from the construction waste landfill, to invite tenders from Macao's recycling industry to build a facility to pre-process paper, plastic and metal wastes before they are exported; and an area of 30,000 square metres for constructing a centralised food waste processing facility which aims to process at least 50 percent of daily food waste. We will also introduce the Food Waste Recycling Pilot Programme.

We will construct green open spaces, commence ecological restoration of forest areas and improve and lengthen trails and cycling tracks.

The Cooperation Agreement on Regional Air Pollution Control and Prevention in Guangdong, Hong Kong and Macao will be implemented, to jointly improve air quality with other cities in the region. Pilot operation of transfer of scrapped vehicles to Guangdong has begun, and will be expanded in the coming year.

(5) Integrate Chinese and Western cultures to build a multi-cultural city

Multiculturalism is one of the major characteristics of Macao. As it was formerly a key city along the Maritime Silk Road, it has fostered distinctive features of Chinese culture as the mainstream, with fusion of Chinese and Western cultures.

To promote cultural heritage education, the Government strives to commence research on and publicise history and culture, strengthen education on related subjects for citizens – especially young people, to boost their understanding of and pride in Chinese culture.

The Government will promote education on culture and art, encourage local original art creation, cultivate local cultural talents, and continue enriching the cultural facilities and Macao people's cultural life. The Xian Xinghai Memorial Centre and the Seac Pai Van Library are expected to be completed in the coming year.

We will establish a cultural exchange and cooperation base, to foster cultural exchanges between China and Portuguese-speaking countries and enhance Macao's cultural soft power. We will also strengthen regional cultural cooperation, and broaden the scope of international cultural exchanges to promote Macao's cultural image.

We will perfect the heritage monitoring mechanism, expedite the formulation of the Plan for Protection and Management of the Historic Centre of Macao, and conserve tangible and intangible cultural heritage, to raise Macao's professional standards in heritage protection.

The Macanese and Portuguese residents in Macao have contributed much to the intermingling of Chinese and foreign cultures. The Government fully respects and safeguards their unique cultures, customs and legitimate rights, to support them with participating in the development of the Macao SAR together with the general public.

3. Promoting economic development

In 2018, the trade relationship between the United States of America and China has led to uncertainties in the global economy, but Macao's economic foundation remains sound. As of the third quarter of 2018, Macao's economy has achieved positive growth for nine consecutive quarters.

During 2019, the internal and external environments will remain complex and volatile, but we expect the economy to remain stable and we will continue making progress while ensuring stability. The Government will maintain cautious optimism, and be well-prepared for adverse situations. We have a clear picture of the current and future situations, which will enable prompt implementation of appropriate measures, including optimisation of the business environment, setting proper macro fiscal and tax policies, and increasing public investment.

We will establish an innovation network connecting education, scientific research and industries, to foster the formation of new business structures, and facilitate structural adjustment, market expansion, and promotion of quality and efficiency, to spur the growth of nascent industries.

(1) Maintain healthy development of mainstream industries and expedite construction of a tourism and entertainment city

The Government will encourage gaming operators to invest more in non-gaming elements, expand the integration of tourism, leisure and entertainment, continue supporting gaming enterprises with prioritising procurement of products and services that are designed and made in Macao, and help the gaming operators to cooperate with local traditional industries.

We will continue the follow-up work on the post-interim review of the gaming industry, persist with the principle of "adequate scale, sound management and sustainable development", and strictly control the number of

gaming tables, to achieve progress with developing the gaming industry in an orderly manner. We will strengthen the supervision of gaming promoters, and continue to carry out special audits, promote responsible gaming and improve the industry's comprehensive competitiveness.

The existing concession agreements on gaming operations will expire in 2020 and 2022. The Government will expedite research on follow-up work, and extensively listen to opinions from all walks of life.

We will foster development of budget hotels, theme parks and integrated shopping centres. The renovation of the Grand Prix Museum will be completed in the coming year.

Passing on Macao's gastronomic culture, we will enhance the influence of Creative City of Gastronomy, to enrich the new business structures and support the upgrading and transformation of small and medium-sized enterprises.

We will promote Macao tourism in countries along the Belt and Road, help the industry to develop tourism products which cater to the market, promote development of multiple-destination itineraries, deepen cooperation with the Greater Bay Area by broadening the scope of cross-boundary pleasure boat sailing and improving related services, and explore the feasibility of jointly establishing marine industry clusters and high-end service industry clusters.

(2) Precise cultivation of nascent industries to lead innovative adequate economic diversification

The Government will continue fostering the development of the convention and exhibition industry by attracting more quality conventions and exhibitions to be held in Macao. We will also foster interactions between the exhibition and convention sector and economic development in the community, by promoting cooperative development of associated industries such as convention and exhibition, food and beverage, and retail.

We will consolidate and expand the development of the Guangdong-Macao Traditional Chinese Medicine Technology Industrial Park, enable the priority projects and enterprises to more swiftly commence development in the park, leverage the advantages of the park platform to promote international trade in Chinese medicine products and culture; expedite the key pilot projects of the healthcare industry; and promote technical training and employment in Chinese medicine.

We will further strive to foster cultural and creative industries, facilitate the construction of cultural facilities, open up more arts and cultural spaces, and launch the Community Cultural and Creative Production Subsidy Scheme, to integrate culture and creativity into the community.

To promote development of specialised financial services, we will perfect related laws and regulations, encourage Macao's financial institutions to develop financial leasing services, and attract well-established foreign lease

finance companies to establish bases in Macao. We will also explore the formulation of the Trust Law, to attract financial institutions in mainland China and Portuguese-speaking countries to focus their businesses in Macao, and establish a monetary services platform between China and Portuguese-speaking countries, to develop Macao as a Renminbi clearing centre for Portuguese-speaking countries.

Leveraging Macao's advantages in its geographical position within coastal waters and in our policies, we will foster a unique marine industry by promoting coastal tourism and water sports, and exploring regional cooperation to expand the scope of maritime tourism. We will also establish a coastal, ecological and cultural tourism system, by developing accessible waterfront spaces, and recreational areas for residents and tourists.

(3) Supporting development of small- and medium-sized enterprises to increase their overall competitiveness

Small- and medium-sized enterprises (SMEs) are vital component for promoting adequate diversification of Macao's economy. The Government will encourage them to seize opportunities, increase competitiveness and pursue innovation.

The Government will perfect related laws and regulations, optimise various financial and administrative supportive measures, popularise business operations and streamline licensing procedures to create a business-friendly environment; expedite improvement of the import and export credit insurance scheme; and develop human resources for SMEs.

To promote integrated development of traditional industries and cultural and creative industries, we will strengthen support for "Made in Macao" brands, promote community festive events, and foster the "Scheme to Assist the Re-branding of Time-honoured Local Shops", to help local shops to enhance their competitiveness and brand value.

We will encourage SMEs and young entrepreneurs to make use of modern technology, open up the mainland China market through cross-boundary e-commerce, encourage chambers of commerce to establish Macao pavilions on recognised e-commerce platforms in mainland China, seize the opportunities for cross-regional development of Macao's quality products, encourage large enterprises to take the lead in participating in regional cooperation with smaller businesses, strive to attract quality business operators in the Greater Bay Area to establish bases in Macao and cooperate with local SMEs to enhance industrial and employment diversification, and consider establishing a platform for women's innovation and entrepreneurship, to encourage women to take part in the development of the Greater Bay Area.

(4) Securing residents' employment rights to create a favourable working environment

The Government always prioritises the protection of local employees' rights,

sticks to the principle of importing foreign workers only to make up for inadequacies in local labour, optimises the exit mechanism for non-local employees, combats illegal employment, and guarantees prioritised employment of local workers, to promote upward mobility and better career development.

We will enhance administrative systems, protect labour rights, regulate the labour market, and facilitate amendments to seven priority topics covered by the Labour Relation Law – including maternity leave, paid paternity leave, overlapping leave and compensation leave. We will also formulate regulations for part-time employment and the minimum wage, and follow up regarding the legislative progress of the Employment Agency Law.

We will optimise staff training, skills accreditation, employment referral and matching, deepen human resources development, and enhance local residents' employment competitiveness and innovation.

The Government will carry out inspection, law enforcement, training and education of occupational safety and health in different industries, to fully implement the occupational safety and health system and create a safe working environment for employees.

(5) Aligning with the strategic regional cooperation for integrating into the overall national development plan

The Government will fully implement its regional cooperation and platform-based economic strategies. According to the country's needs, we will fully leverage Macao's unique advantages to enhance the overall capability.

We will actively engage in and facilitate the implementation of the "Belt and Road" initiative and leverage Macao's function as the trade and economic cooperation services platform between China and Portuguese-speaking countries. With unimpeded trade, financial integration and people-to-people bonds as major goals, we will coordinate our policies and measures, and integrate all resources, to achieve complementary advantages and joint developments.

To pragmatically promote the development of the Greater Bay Area, and enhance exchanges and alignment between Guangdong province, Hong Kong and Macao, we will actively participate in development of Hengqin and Nansha sub-zones of the Guangdong Free Trade Zone, join hands with Zhongshan to develop the Guangdong-Macao Cooperation Demonstration Zone, and deepen cooperation in livelihood areas, to enable residents to live, work, start business, study and retire in mainland China. In addition, we will launch a study on the possibility, approaches to and procedures of cooperation with Jiangmen in construction of the Greater Bay Area.

We will expedite interconnectivity of border-crossing infrastructure, facilitate the construction of the new Guangdong-Macao border crossing, and move the Lotus Flower checkpoints to Hengqin. We have already implemented

the newly-established “joint inspections for one-stop border crossing”, which will gradually be implemented in other new checkpoints. We will explore development of the intercity ticket payment system. Against the background of the Greater Bay Area, we will explore with other bay area cities the feasibility of including Macao in the high-speed railway network in the development plan for the western coast of the Pearl River Delta.

The Government will coordinate cooperation with mainland China provinces and cities; deepen cooperation with Beijing-Tianjin-Hebei region, Changjiang economic belt and the Pan-Pearl River Delta Region; build the “Beijing-Macao Cooperative Partnership”; launch the Macao-Shanghai cooperation thematic year; steadily establish Jiangsu-Macao Cooperation Zone; work for poverty alleviation in Guizhou through the Pan Pearl River Delta regional cooperation network; deepen cooperation with Fujian, Sichuan, Hainan and Guangxi, to explore the markets in the Portuguese-speaking, European Union and Southeast Asian countries; explore exchanges and cooperation with Jilin in Chinese Medicine; and fully leverage the functions of the Macao Economic and Cultural Office in Taiwan.

4. Committed to sound social governance

We realise sound social governance is necessary in upholding our principles to serve the public. Based on our established work principles and arrangements, the Government will implement various reforms to join hands with the public to build a better Macao, to govern the city and share the results of development with all residents.

(1) Steadily adjusting organisational structure to improve public services

Since the second stage of functional restructuring, 11 departments have been restructured, while four departments and entities have been established. The Government will continue implementing related work, which mainly involves departments concerned with economy and finance, public security, social affairs and culture. We will also optimise the consultation system, and pursue the restructuring of consultation bodies related to tourism, cultural heritage and protection of consumer rights.

The Municipal Affairs Bureau will be officially established and commence operations on 1 January 2019, to strengthen interactions between community services and the public, and listen to residents' opinions and suggestions. The Government will facilitate cross-departmental cooperation, to handle cross-departmental municipal affairs in a timely manner, and to improve municipal services. The Islands District Integrated Government Services Centre will be established next year, and is expected to provide about 310 services through 26 public departments.

Civil servants are invaluable assets of the Government for implementing various policies. The Government will continue improving the system for managing and training civil servants, and optimise measures to support their

living, welfare and counselling. We will follow up regarding the revision of the Civil Servant Ranking System, commence the second stage of revision of the Macao Public Servants Statutes and Regulations, progressively revise the system for assessing performances and optimise the promotion mechanism, to enable better procedures, stricter monitoring and a more transparent mechanism. We will implement the government official accountability system, to strengthen our performance management. We will also consider facilitating exchanges and studies between civil servants in the cities of the Greater Bay Area, to integrate Macao into the overall national development plan.

After considering views and suggestions from civil servants' associations and the Civil Servant Pay Council, the Government will adjust each point on the civil service salary scale to 88 patacas from January 2019. The related bill will be submitted to the Legislative Assembly for deliberation.

We will enhance multiple communication mechanisms to enable public participation in social affairs, encourage young people and professionals to participate in consultative bodies, enhance administrative transparency, and lawfully safeguard freedom of the press, freedom of publication and freedom of speech.

(2) Strengthen the legal system and expedite legislative procedures

The Government will strive to promote the constitutional law and the Basic Law of Macao to the public, to raise awareness of the Constitution of the People's Republic of China and enhance citizens' knowledge of the Basic Law of Macao.

In strict compliance with the Chief Executive Election Law, the Government will ensure smooth implementation of the Chief Executive election to be held in 2019 in a fair, just and corruption-free manner.

To enhance the efficiency of legislation, the Government will facilitate the progress of legislation by expediting implementation of legislation in major areas, including revision of the Penal Code, Criminal Procedural Code and the System of Administrative Conditions, and laws and regulations related to protecting secrets of the state and the region.

The Government will strengthen international and regional judicial cooperation, and facilitate bilateral discussions on judicial cooperation and criminal judicial assistance. In line with the development of the Greater Bay Area, we will facilitate cooperation in legal services and mutual judicial assistance among Guangdong, Hong Kong and Macao.

We will intensify our efforts to support the establishment of software and hardware of the judiciary, improve judicial training mechanisms, and enhance judicial effectiveness.

As usual, the Government will emphasise building a corruption-free society. The Commission Against Corruption (CCAC) strictly adheres to its legal

responsibility to combat corruption and handle complaints to the ombudsman. We are committed to perfecting the anti-corruption system and safeguarding the public's legitimate rights and interests.

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.

Conclusions

President, members of the Legislative Assembly,

In the face of rapid developments and advances in innovation, Macao is heading to a bright future. While both opportunities and challenges co-exist, we fully understand that the road ahead will not be easy. To achieve a brighter future, we must strive harder. We should follow the current development trends to plan for the future by leveraging our advantages. We are committed to rising to unforeseen challenges to take part in building the new era and striving for success, ensuring stable implementation of the principles of “One country, two systems”, “Macao people governing Macao” and a high degree of autonomy.

A strong motherland will always give rise to a stronger Macao. China is the biggest support for Macao. We will persist with our spirit of solidarity to maintain national sovereignty, safety and development interests; and pass down the core values of loyalty to our country and to Macao, to enhance people's sense of national responsibility and mission.

The Government will continue strengthening our strategies and being aware of national development, persist with the foundation of “One country” and leverage the advantage of “Two systems”, integrate into the overall national development plan, fully leverage our advantages and uniqueness, and explore opportunities for innovative cooperation, driving regional cooperation to a new milestone.

Expediting economic development and improving people's livelihoods are the general trends, and the aspirations of the people. The Government has every confidence regarding forming a clear mindset in forging a consensus and joining forces to expedite the Macao SAR's economic development and realising a civilised society. We will strive to facilitate a fair and just society, and improve people's livelihoods for balanced economic and social development.

We shall unite people from all walks of life, broaden 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; to keep up with the times and join forces to implement plans and policies.

2019 marks the 70th anniversary of the establishment of the People's Republic of China and the 20th anniversary of Macao's reunification with the motherland. We are determined to fulfil our duties, and consolidate our experiences from these 20 years, to manifest the success of "One country, two systems" and our contributions to our country.

President, members of the Legislative Assembly,

We have the confidence and courage to seize the opportunities in this new era. We will proceed with unity, innovation and commitment to realise the Chinese Dream of national rejuvenation, and a bright future for Macao.

Finally, I extend my heartfelt thanks to the Legislative Assembly, all civil servants and the citizens of Macao for supporting 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.