

**Policy Address for the Fiscal Year 2007  
of the Macao Special Administrative Region (MSAR)  
of the People’s Republic of China**

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Delivered by the Chief Executive, Edmund Hau Wah Ho

16 November 2006

Madam President, members of the Legislative Assembly,

**Introduction**

During the past year, with great support from and the joint efforts of the central government and the whole Macao community, the Macao SAR continued to cope with challenges and seek improvements, in accordance with the principles of “One Country, Two Systems”, “Macao people governing Macao” and a high degree of autonomy, amidst society’s opening up and transformation.

While making this progress, the Government paid more attention to inequalities between society’s overall and specific developments, and between long-term and short-term developments. Based on these assessments, we implemented strategic measures to improve the well-being of both absolutely and relatively disadvantaged people. We also expended more effort in non-economic areas, to promote the parallel growth of different aspects of society. After identifying where to begin, we initiated a reform of the mechanism for public consultation on government policies, thereby promoting administrative democracy.

Today, the MSAR’s development needs can no longer be met by merely focusing on a few areas of growth. We are entering a new phase, in which we emphasise how a few prominent sectors can serve the whole economy, given that the results of development during the previous phase have created momentum for continuing development in the next. In the coming year, while maintaining both the continuity and flexibility of Government policies, we plan to exit the aforementioned transition with two major approaches. On the one hand, we will promote diversification of the economy and social enterprises, by working on social issues and various other issues related to our core industries. On the other hand, we will also deal with the underlying foundation of our society by analysing conspicuous social issues to identify the roots

and variants of insidious conflicts, and ultimately to better rationalise the allocation of social benefits and opportunities.

To further optimise the development of society, we will commit ourselves to building and strengthening different aspects of society. We will foster a universal spirit of humanity, as well as an ethical foundation for all areas of society. We will also strive to deepen administrative and social reforms. We will realise the spirit of “putting the interests of the people first” by creating more personal development opportunities, promoting general well-being, and consolidating the material and spiritual foundations of a harmonious society.

## **Part I Review of the MSAR Government's Work in 2006**

### **1. Summary of the Government's Work**

Regarding public administration, we continued consolidating existing reforms and reinforced our administrative infrastructure. After reforms over several years, one-stop service with digital delivery has become the norm in the public sector, replacing scattered services with manual delivery.

Within our civic and municipal services, we have gained valuable experience in grassroots consultation. It was especially noteworthy that senior department officials took the initiative to conduct direct dialogue with citizens, to listen to their opinions.

With an effective central mechanism, we have improved and expanded implementation of our legal reforms. Leveraging on judicial efforts, the Government deepened the transparency of public administration, and encouraged further monitoring by the Legislative Assembly and the wider public.

In line with conditions in society and trends in criminal activities, the Government adjusted, deployed and implemented strategies to combat crime. We worked closely with community groups to prevent crime, protect personal safety and property, and maintain social stability and public security.

In the past year, the entire economy returned to a relatively high growth rate. The tourism and gaming industries developed rapidly and generated substantial tax income. The number of newly incorporated companies and their registered capital were relatively high. Several industries achieved satisfactory business performance. The financial market in general remained robust. There was ongoing growth in Macao citizens' bank savings.

The further implementation of CEPA has deepened economic cooperation between Macao and the mainland. The combined efforts of the Government and the business community have accelerated both external exchanges and regional cooperation. Macao hosted the 2nd Ministerial Meeting of the Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries, further proving Macao's role as a service platform. The newly opened Zhuhai-Macao Crossborder Industrial Zone will serve as a trial area for a new cooperation mechanism.

Joint efforts resulted in continued improvements in Macao's employment situation. A series of plans for a legal framework safeguarding the rights and interests of employees was rolled out. The Government also stepped up efforts to promote the operation and development of small-to-medium sized enterprises (SMEs).

Education remained a priority on the policy agenda. In tandem with larger investments in hardware and resources, there was progress in revision of education laws and regulations.

The Government continued to improve social welfare and social security. We provided greater assistance to disadvantaged members of society, and promoted the concept of sustainability in social welfare. We also continued to promote healthcare for all, and disease control and prevention within the entire community, sparing no efforts to create a healthy city.

The Government also emphasised the improvement of the living environment. There was steady progress in redevelopment of old districts, while rationalisation of the traffic network gained widespread support among citizens. The Government also proactively tackled the water salinity problem posed by the intrusion of seawater into fresh water supplies; promoted energy efficiency; and raised public awareness of environmental protection.

The Government organised a wide range of cultural, arts and sporting activities. People have widely supported the Government's initiative to popularise and improve these activities. In addition to gradually improving the overall quality of life of Macao citizens, we have begun nurturing local elites in arts and sports. We have also encouraged reading, promoted popular science, developed information technology and have driven innovation in society.

## **2. Administrative Issues Faced by the Government**

We have also realised that the rapid developments of the economy and society have brought opportunities, whilst intensifying certain conflicts. Several deep-rooted historical problems have resurfaced, and new problems have appeared. The initial stage of our economic boom resulted in inequalities that impact both SMEs and the wider public. In addition to inflation, a shortage of human resources has become significant, making business even harder for SMEs. Short-sighted materialism has become more prevalent, and there has been a small rise in minor crimes.

Rapid social changes and a variety of new and old challenges mean there is more scope and more pressing need for improvements in public administration than anticipated. The core challenge lies whether our policies can fulfil the will of the public and realise the rational development of society, in order to maximise public trust in the Government under an executive-led political system.

We must admit that certain policies or measures were not properly based on public opinion. Certain decisions were made without fully considering the advantages and disadvantages. Focusing on administrative means rather than aims, as well as analysing a problem and making decisions by merely making observations at an operational level, has become standard practice of some departments. In certain areas of the Government's work, this kind of administrative approach has led to linear thinking in problem solving, without making horizontal or vertical connections between issues, or understanding an issue's long-term implications for public administration.

The skill and wisdom of our governance are yet to improve. Some departments have dwelled on concepts and ideals, yet lacked a sense of reality and discernment when dealing with practical issues. Some other departments, on the other hand, lacked abstract or detached thinking, and only worked mechanically without self-evaluation or reflection, rendering them unprepared for crises and insufficiently forward-looking. In formulating certain policies, we also failed to maximise public support through extensive communications.

These situations have caused several departments to ignore the importance of public participation in decision-making processes. Consequently, even when a rational policy was announced, it was not easy to obtain society's broad understanding, recognition and support, leading to difficulties in enforcement and reduced effectiveness.

An executive-led system has relatively higher requirements with respect to not only administrative abilities, but also the ethics of government officials at all levels. However, there were cases, albeit limited, in which certain government officials neglected their duties, cared only about their own interests, shunned responsibility, over-emphasised praise, toned down faults, worked perfunctorily to hide incompetence, and covered up administrative faults through public relations skills. We require these officials to fully understand their faults and rectify them, and to prove that their performances fulfil the requirements of their respective positions by making

improvements to the satisfaction of society at large.

The Government is fully aware of the above problems and will seek to adjust our governance in order to eliminate these problems in a responsible and accountable manner.

## **Part II Administrative Priorities of the MSAR Government in 2007**

In coming years, Macao will maintain the current pace of social and economic development, while dynamic change will become routine. This will entail our becoming even more proactive, and more clearly visualising our future directions and common goals.

As regards economic development, the traditional tourism model will quickly transform into an integrated model, comprising various elements including culture, conventions and exhibitions, gaming, retail, sports, leisure, dining and large-scale events. This will in turn drive the service industry, which will play a major role in local economic development. The vertical diversification of the tourist industry, and its integration with sophisticated commercial and trading services, will bring numerous business opportunities, resulting in the emergence and growth of new industries.

Regarding society and other development areas, we will further advocate people-oriented values. We will respond in a timely and practical manner to social issues, including deep-rooted problems, and will look further ahead as we consider issues and make plans. The Government will also be committed to improving the quality of life, enhancing citizens' abilities to learn and adapt to changes, so the fruits of social development can be properly shared. As Macao is entering a new phase of development, the principle of sustainability must be implemented more effectively in all areas of public administration.

As members of a capitalist society, Macao people recognise that investors should be allowed to maximise business returns in a free market, providing they are law-abiding and socially responsible. However, the Government and society at large are also highly concerned about the gap between the rich and the poor. The major efforts of our administration are aimed at benefiting the whole community, with priority given to improving the quality of life of the poor, and to providing the disadvantaged with effective assistance. Regarding the middle class, the Government will fully listen to their opinions, lower their tax burdens, and promote their professional development. For investors, the Government will maintain equal opportunities and a good investment environment.

Under the combined effect of both subjective and objective factors, service industries have developed rapidly. Macao has also made more progress in aligning



with international practices. Since there has been a gap between the rapid development and the long-established pace of life within Macao society, it is no surprise that some citizens, including public servants, have failed to adapt to these changes. This failure to adapt is of considerable concern to the Government. The MSAR Government will take the lead in adapting to the rapid changes, and will mobilise the people to unite in surmounting development barriers, with a view to seeking development through reforms, and promoting stability through development.

In view of the challenge of social changes, in the coming year the Government will further the reform in public administration in a more profound and comprehensive way. We will also reform our consultation mechanism in order to further engage the public and increase the extent to which public wisdom contributes to policy making.

The Government will soon begin preparations for the elections of the third-term Chief Executive and the fourth-term Legislative Assembly. We will finish the relevant studies and draft proposals in 2007 and, after public consultation, will submit a proposal to the Legislative Assembly for discussion in 2008.

Adequate diversification of the economy facilitates the streamlining of industry structure, enhances economic security, and increases employment choices and opportunities. It is therefore necessary for sustainable development, and is a common goal of the Government and the business community. While the process of vertical diversification of backbone industries continues, the Government will further nurture and support industries with high potential, such as the convention and exhibitions industry.

The unique characteristics of Macao culture provide favourable conditions for the development of cultural industries. However, unlike cultural activities, cultural industries require significant participation by enterprises. We therefore strongly encourage experts, academics and intellectuals to study how to organically integrate cultural elements and industry development, and to design development approaches for local cultural industries to build on Macao's actual situation. Macao's culinary culture is unique. Both local and neighbouring regions are optimistic about the future of Macao's restaurant industry, and the Government is expending great effort to facilitating its development. The Government and social communities will closely collaborate to accelerate feasibility studies, implement effective measures and support the healthy operations and prosperity of renowned restaurants in Macao.

The MSAR Government will continue to vigorously promote regional cooperation, and develop Macao into an even better service platform with even more distinguished features, so as to explore new avenues for Macao's development and contribute to joint regional development. In promoting regional development, the Government will also greatly intensify strategic cooperation with the Pan-Pearl River Delta region, especially neighbouring provinces like Guangdong and Fujian. We will seize development opportunities in the economic zone on the west coast of the Taiwan Strait as well as in central China, to secure sustainable development for Macao through multiple win-win relationships. One emphasis of the Government's work will be fostering partnerships between Macao enterprises and their counterparts in the mainland and neighbouring regions, while enhancing multilateral economic and trade cooperation with Portuguese-speaking countries. I would like to stress again the necessity for the whole community – and especially government officials at all levels – to strengthen the concept of motherland, broaden their international horizons, and pursue openness and cooperation, to promote the harmonious development and common prosperity of Macao and the whole region.

In the coming year, the Government will aim for progress in areas including environmental protection, transport, energy, water resources and urban planning, and will roll out large-scale infrastructure projects in a timely manner. We will require government officials at all levels to bear in mind that the fundamental impetus and foothold for the efforts to promote advancement in the above areas lies in a will to gradually improve the quality of life of Macao citizens and to promote coordinated and sustainable development of Macao, and we also believe that society will develop stronger consensus regarding this approach.

It can be seen that our arts development has begun to fall behind the rapid changes in society and a talent gap is emerging. We must, above all, comprehensively reform the arts sector and build a modern arts development structure that is open and diverse. Building on free market dynamics, we aim to unleash the energy of humanities in western and oriental traditions and in modern arts, and facilitate the birth of even more dedicated elites, precious legacies, remarkable works and insightful thoughts.

At a time when the economy is developing smoothly and government income is relatively strong, it is the moral duty of the Government – and is a major emphasis in its administration next year – to bolster social welfare and social security.

Regarding sports, we will aim to encourage people lacking exercise routines to take up sport, as we promote sports throughout the community. We will also extend the careers of outstanding athletes, and maintain the overall competitiveness of Macao athletes. In the next year, the Government will use resources prudently to ensure success in organising the 2nd Asian Indoor Games.

Recently, the rapid development of the local gaming industry has become a concern to more and more people, reflecting the maturity and far-sightedness of the whole community. As we implement adequate diversification of the economy, it is important to determine how to review and manage the gaming industry's development. The Government's basic premise is that the gaming industry is an integral part of Macao tourism, and Macao is not developing as a mere gaming destination, and increasing gaming tax is certainly not the Government's only goal. The recent fervent development of the gaming industry is a transient phenomenon, during the early stage of an economic boom. When other sectors of our integrated tourism in turn mature, the paces of development of various industries will gradually synchronise. The Government will take even more effective and appropriate guiding and supporting measures to promote the joint development of gaming and other industries through favourable interactions. Drawing on the latest international experiences and based on Macao's actual conditions, the Government will further formulate relevant laws and enhance their enforcement, to comprehensively strengthen the regulation and monitoring of the gaming industry.

The Government is highly concerned about problem gambling and related issues. Relevant departments will adopt expertise and collaborate with the community to effectively tackle the problems, deepening the penetration of preventive and treatment efforts within the local community. The Government will also establish a gaming development consultative committee, comprising people from several groups and professions. In line with the widespread consensus within the whole community, the Government is taking further steps to promote the healthy and sustainable development of society as a whole, including the gaming industry, by efforts on multiple levels.

Members of the Legislative Assembly, in the following I will further explain to you the Government's administrative principles and policies in several areas of major social concerns. In the next few days, our policy secretaries will give you detailed information on the Government's plans for each policy portfolio.

## **Part III Committed to Reform and Shared Responsibility – Key Administrative Topics**

### **1. Administrative and Legal Reforms**

Today, were the quality and pace of administrative and legal reforms to remain as they were in the past few years, Government policies would not only be unable to adapt to the current rapid growth of society, but would also become a stumbling block to society's future development. To tackle this potential problem, the Government will take the lead in shouldering responsibility for change, and embark on all-round, deep-seated reforms. Some of the initiatives and measures, which touch upon major administrative and legal reforms, have been explicitly listed in the relevant section of this year's Policy Address. Based on this foundation, the Government will apply the utmost determination and effort to drafting a roadmap and timetable for implementing reforms during the coming years. We will deliver this to the public in the first half of next year. We will strive to achieve a partial strategic breakthrough within a short period, thereby enhancing the renewal and efficiency of the reform process.

We must seek a more precise and organic integration of administrative and legal reforms. Administrative reform serves as a source of legal reform, while the latter gives the former its foundation. While ensuring fairness and rationality, we must have the courage to rid ourselves of ideological and systemic constraints. We must learn from the sophisticated experiences of the international community, and dispose of inefficient, resource-wasting and meaningless administrative procedures that are hotbeds for bureaucracy and irregularities in Government departments' internal operations and frontline services. Given these aims, we must substantially implement departmental mergers and functional restructuring. To a large extent, we must repeal the legal provisions that are entirely divorced from today's social development, and replace them with modern laws meeting international standards. We will endeavour to complete the regeneration of the entire public administration and legal system within a reasonably short timeframe.

Next year, the Government will put the one-stop service strategy at the top of our agenda. We will establish a one-stop Government Information Centre, with internal supervision and the ability to respond quickly. We will promote the establishment of service centres in different districts, to develop inter-departmental, inter-disciplinary, one-stop comprehensive services. These centres will, in accordance with citizens' common demands for public services, offer all-round procedural and enquiry services.

They will drive various departments to reform from within, thereby fulfilling the organic integration of public administration reform, and ensuring a quicker pace of reform.

We will strengthen training on policy formulation, decision making and administrative management, to change the imbalanced administrative culture of Government departments. Symptoms of this long-term shortfall include emphasising operations rather than policies; functional activities rather than management; partiality rather than the whole picture; and, execution rather than decisions. The reform will push ahead with the close integration of politics and administration in Government policies.

The establishment of the accountability system clearly demonstrates the MSAR Government's commitment to responsibility. By improving relevant laws and devising appropriate measures, the Government will next year launch an accountability system for civil servants. The mechanism, comprising scientific standards and multi-level handling methods, endeavours to fortify the administration team's sense of responsibility and encourage political democratisation. Further, with well-defined powers and responsibilities, government officials at all levels will be committed to Macao's development without excessive burdens.

We will raise management standards in the public sector by encouraging a more democratic and people-oriented office culture. Since civil servants' views are an important part of public opinion, we must optimise the mechanism for them to offer views and file complaints, to facilitate timely expression and impartial handling of issues. The management personnel at all levels must frequently heed the opinions of their subordinates, and in particular, discover new and creative ideas among them, thereby significantly improving performance. These moves are intended to alleviate the pressure on department staff, present them with incentives they deserve, boost morale, and foster harmony within the public service. Regarding staff who are in low spirits for various reasons, we must proactively give them support and consolation so that civil servants, like the general public, can feel the warmth of the Government's administration.

While forging ahead with the reforms in specific areas, the Government has decided to reform the existing civil service system in the coming year. This move is made from a more forward-looking and all-inclusive standpoint. It aims to bring public servants' initiatives and talents into fuller play, elevate their quality and

cohesion, and build a committed, capable, upright, pragmatic and innovative civil service.

The process of legal reform will be accelerated and reinforced. The Government will authorise a highly organised and accountable team of professionals to focus on drafting specific laws and regulations. With higher quality and efficiency, we will strive to win major battles and make significant achievements. In addition, the community will participate throughout the course of drafting laws. In this way, once a law comes into effect, it will have extensive and genuine authority, and citizens will voluntarily abide by it.

For obsolete laws that need to be amended but are yet to be addressed, we should make their enforcement as responsive to actual social conditions as possible with the help of appropriate administrative measures, providing this does not breach the law. In the sphere of public administration, we must take greater initiative to provide services to citizens, so we fulfil or even exceed their expectations.

We will devote extra efforts to anti-graft and auditing work of government departments closely connected with market activities, as well as public projects that entail major expenditure. We will further enhance the mechanisms for reporting corruption, and step up investigations of those who are allegedly involved. We will also strengthen processing of administrative complaints. We will neither connive at abominable behaviour, nor wrong the good.

## **2. Public Consultation Systems**

Within the existing Government advisory bodies, a good number of members have made considerable individual efforts. However, these organisations are generally of obsolete structures and unclear functions, and cannot make the sentiments of ordinary people fully known to the authorities. When it comes to reflecting the myriad opinions and appeals of society today, they lack inclusiveness; in the Government's decision-making process, they fail to play an important role as a bridge between society and Government. As a result, these bodies are incapable of expanding the information pool for the authorities in this information-is-power society, thus increasing the degree of difficulty and the possibility of making errors in Government administration.

After conducting studies, the Government has decided to restructure the scope

and functions of the present advisory bodies, eliminate formalised arrangements, and stress fulfilment of their actual roles. We will comprehensively expand the composition of the advisory bodies, adding new members – especially young and promising individuals – who possess suitable personal qualities, and enjoy recognition from the public and their own sectors. We will also pay attention to inducting representatives from minority groups or burgeoning social sectors into these advisory bodies, which should include the voices of people from all walks of life and from different divisions of the same sectors. We will revamp the form and method of our consultative work by cultivating various consultation channels. Consultation through meetings will be combined with visits; there will be regular and special consultations, as well as community group and public consultations, and collective and individual consultations. Interacting with and complementing one another, these consultations will piece together a complete picture of public opinion.

To raise the reference value and reliability of all advisory bodies, we will provide them with essential assistance. First, to ensure division of labour, each policy secretary's office will appoint officers who will be responsible for coordinating the advisory bodies, forging closer ties with all sectors and associations, and studying social trends and public opinions. When events occur that have far-reaching social influence, officials from all levels should arrive at the scene as soon as possible to study the situation. As a tool serving society, the media itself is a broad platform for consultation. The value of the media's pioneering and diverse messages is irreplaceable. We must strengthen communications with the media, and respond promptly and appropriately to the social opinions and appeals they reflect.

Regarding major policies that directly influence the general public, set new norms or significantly impact society, the Government will make full use of available consultative means to gather public wisdom to the greatest extent possible, and strive to achieve sweeping popular support. This will not only create the social foundation for policy formulation and implementation, but also ensure the smooth execution of related and follow-up measures.

We will expand and enhance the consultation system, transforming it into a key intermediary between the Government and the public that supports policy-making and optimises the decision-making process. It will enable the gradual democratisation of the political system, and discover and nurture political talent for the community. More importantly, under the current executive-led political system, it will allow the Government and society to share democracy's moral resources. It will give fresh

impetus to the development of a kind of democracy that's based on consensus and collaboration between the government and the people, and keep intense confrontations at bay. It will ensure that in a harmonious political environment, the democratisation of the political system will be completed with minimal sacrifices.

### **3. Human Resources**

Due to objective and subjective limitations, Macao has long been plagued by a shortage of human resources. The increased labour mobility among professions driven by the rapid economic and social growth has underscored the problem, which has become a bottleneck for Macao's sustainable development. Last year, many industries – SMEs in particular – faced the problems of human resource scarcity and substandard workers. The Government is fully aware of this inevitable problem in the development process, and will strive to reach a social consensus, adopting a multivariate, collaborative approach to rationally solve the problem based on past experience and scientific analysis. We must introduce short-term contingency measures; and, more importantly, take coordinated measures to perfect the overall human resource policy.

Safeguarding and improving the local workforce has been the unswerving, fundamental principle of the MSAR Government, and should be the consensus of the whole society. Enhancing local human resources is conducive to boosting employees' abilities and confidence when facing competition, elevating their chances of promotion, and raising enterprises' efficiencies and effectiveness. It can also help foster and pool talent to support Macao's economic diversification by providing human resources that are suited to the region's development and have better learning ability and adaptability. Therefore, the SAR Government will attach more importance to elevating training quality, so it meets the market's current and future demands.

While enhancing pre-employment and on-the-job training, we will proactively arrange suitable job-transfer training that caters to the ever-growing service industry. Relevant departments and agencies will adjust their long-established thinking and training patterns so they are in line with market changes. Service providers will take the initiative in turning to enterprises. We will first promote modern management, introducing flexible learning schedules and e-training programmes for local SMEs. The Government will work closely with both employers' and employees' groups to strengthen coordination of training and employment, and enhance follow-up and job matching assistance after training. To allow both employers and employees to further



benefit from future social development, the Government will continue promoting accreditation systems.

The Government will increase efforts to realise local employees' potential. We will enhance relevant laws and regulations to encourage those not yet engaged in the labour market to take up part-time jobs. To ease the shortage of domestic helpers, we will create conditions needed for employable housewives to work again or join social activities. The Government will continue helping middle-aged people with a poor educational background to find work or change jobs, motivating individuals who are not working to join the workforce.

The Government will make every effort to safeguard job opportunities for local people. We are working closely with the legislature to accelerate enhancement of laws protecting local workers and regulating importation of labour, to defend employees' proper rights and benefits. The Government will vigorously combat illegal workers and those performing unauthorised duties, and step up support and management of non-resident workers. We will also enhance transparency of the monitoring mechanism, and adopt timely and appropriate control measures to safeguard Macao citizens' employment. The Government has decided to impose surcharges for hiring non-resident workers. We will devise a suitable non-resident-to-local worker ratio with employers and employees, in accordance with situations prevailing in individual industries or enterprises.

Next year, the Government will establish a Human Resources Office and build a human resources databank. Based on the non-resident-to-local worker ratio and with reference to research findings, we will centralise the proper processing of applications for and approval of non-resident workers, to help alleviate the shortage of human resources in SMEs. Whilst doing so, we will strive for the greatest social consensus. We must simultaneously take a pragmatic look at society's reality and complexity, and responsibly address the problems. However, the Government is duty-bound to steadfastly defend local workers' interests, and will never tolerate the use of non-resident workers to replace locals. We will certainly accelerate the introduction of relevant laws next year. Black sheep will then be duly punished.

Ensuring employees receive reasonable remuneration is a major feature of an advanced and harmonious society. The Government will spare no effort in setting a good example. Next year, a minimum wage scheme will be devised, initially for those employed by contractors as cleaners or security guards for the public sector. Shortly

after the New Year, the Government will release an official consultative paper to extensively solicit public opinions on this scheme, to jointly formulate this “people first” policy with the public.

Though manpower is quite a controversial issue, Macao society remains rational. We fully acknowledge that when dealing with this problem, every party must defend its own sector’s interests, while viewing the situation as a whole and envisioning sustainable development. We totally believe that sincere cooperation among all parties will lead to a win-win situation. The Government will reinforce the effectiveness of direct dialogues among all parties, as transparent job matching and recruitment will certainly gain more support from the local community.

Addressing the shortage of human resources in SMEs, the Government will sufficiently boost its efforts concerning the controlled import of non-resident workers, by streamlining relevant procedures, with a view to solving the primary dilemma for SME operations. Crucially, timely review and the mechanism allowing adjustments to the number of imported workers are the key areas of the labour importation policy. The Government will impartially and properly implement and adjust the policy, in line with social developments and employees’ reasonable rights and benefits.

Before systemic benefits are achieved, a human resources policy must be complemented by other policies. To realise this goal, the Government will next year launch a more comprehensive study, to formulate as soon as possible a population policy consistent with Macao’s prevailing development.

We believe that creating a learning society helps reduce pressures arising from structural unemployment, helps raise citizens’ quality, and also helps elevate the overall and sustained competitiveness of the SAR. Therefore, the Government will further encourage citizens to enhance their academic qualifications, learning ability and adaptability. Next year, we will establish a special fund to subsidise citizens, particularly young people and those yet to finish elementary education, to join on-the-job re-training programmes.

#### **4. Supporting SMEs**

Macao’s growth hinges on joint efforts by all sectors. Local SMEs have always experienced hard times and good times along with the whole community. While developing their own businesses, these enterprises have also made significant

contributions to society, by boosting local employment and ensuring social stability. In Macao's new growth period, SMEs will make new and irreplaceable contributions, and very likely achieve breakthroughs. The Government will continue to increase its efforts to support the development of SMEs. As society undergoes rapid transformation, we will move with the times. We will launch more sharply focused, practical and effective measures to help SMEs solve difficulties and flourish.

In the coming year, the Government will reinforce coordination of such efforts, and establish an SME Service Centre within the existing administrative framework. We aim to establish comprehensive, direct contacts with SMEs, provide them with more appropriate one-stop services, and jointly respond promptly and properly to the market. As well as achieving our primary aim of alleviating the shortage of human resources, the Government will also support the development of SMEs through efforts made by various sectors.

Regarding SME's rising operating costs and financing difficulties, the Government is working on a scheme to drive them to improve, restructure or upgrade their business operations. We will respond positively to SME's proposals concerning broadening the use of financing loans, lowering application requirements, raising loan ceilings and extending repayment terms. The Government is also suggesting the power utility lower energy charges, with a view to reducing SME's operating costs.

Following progress in globalisation and the elevation of Macao's reputation, more foreign investments will enter the local market. Similarly, homegrown SMEs can also operate in two directions, by taking a bold step to venture outside Macao, whilst increasing their investments locally. We will encourage and help enterprises to take full advantage of Macao's role as a regional service platform, seize opportunities to tap into overseas markets, and participate to share the benefits of growth in the mainland and other regions. The Government will continue enhancing the transfer of trade and commercial information, as well as support the launching and enhancement of local business events, and urge local entrepreneurs to participate in exchanges and cooperation in trade and commerce with the mainland and overseas countries.

The growth and success of enterprises undoubtedly depend on many factors. We believe SMEs will never consider that once the pressures of lack of human resources and operating costs are relieved, they can then sit back and relax. Today's Macao has truly aligned with the world at large, striding into the age of the knowledge-based economy. Hence, there will be major changes even in old industries, such as the

longstanding retail industry, and innovation is crucial. Only originality and quality that add value to products and services can meet market needs. To help SMEs add value this way, specialised Government departments will enthusiastically support and encourage them to enhance technology and management, helping them grow in a competitive world.

Rapid economic growth will certainly increase pressures on costs and manpower, but will also result in new management models, enhance Macao's international profile, and give rise to more opportunities for development. It should be recognised that a good number of entrepreneurs are exploring and seizing opportunities in the booming tourism industry. We will encourage and support enterprises and business associations to blaze new trails, so as to allow themselves to develop in parallel with flagship industries and share the fruits of Macao's growth.

## **5. Transport, Housing and Urban Planning**

Restricted by the natural environment, Macao has a shortage of land for developing roads. The economic take-off is being followed by constantly rising tourist arrivals. The significant increase in road users has highlighted severe traffic problems. Consequently, the Government has decided to implement a range of measures to effectively optimise the traffic network in urban areas. This will be one of next year's administrative priorities for alleviating the plight of citizens and advancing sustainable development.

Traffic problems have complex causes. To tackle them, it's essential to use systematic thinking, with concerted efforts at various levels and comprehensive management. The Government is working with the legislature to accelerate improvement of the road traffic laws and relevant legislation. We will integrate the dispersed functions of several departments, and establish a Traffic Affairs Bureau that will have clear responsibilities and strive for timely and effective administration. We will step up efforts and work more quickly to improve the main road networks, expand the circular highway on the Macao Peninsula, and open a peripheral traffic artery.

Given the islands' rapid growth and changes in residents' daily habits, we will push ahead with the construction of an all-weather underwater tunnel, to ensure the smooth flow of passengers and goods between the Macao Peninsula and Taipa Island. We will increase efforts to monitor and improve the quality and safety of public

transport services. While adequately increasing the number of taxis, we will adopt measures to increase the presence of taxi services beyond tourist attractions. We will continue increasing the number of indoor parking spaces, and strengthen patrolling and law enforcement to make more room for road traffic. In addition, the Government is looking into other ways to reduce road traffic.

Since we anticipate Macao will continue growing rapidly, finding ways to relieve traffic loads merely to keep Macao moving can neither satisfy citizens' traffic needs, nor align with society's growth. Therefore, with public support, the Government resolves to accelerate the introduction of a mass transit railway. A new round of consultations has already begun. We hope citizens will express their views and submit sound proposals. Based on public opinion, the Government will formulate a more convenient, scientific and fair final plan, and initiate as soon as possible the construction of a Light Rapid Transit System, to solve traffic problems by addressing the root causes.

Building a quality, healthy and harmonious city, strengthening the conservation of Macao's world heritage culture, and promoting the coordinated and sustainable development of society as a whole remain the Government's objectives. To accomplish these, we will push ahead with urban planning through scientific analysis and research. The development of new towns focuses on the reinforcement of planning and ancillary facilities, while the redevelopment of old districts reflects emphasis on defending residents' interests and improving the quality of life. With enthusiastic support from the Consultative Committee on the Renewal of Macao's Old Districts, the Government will continue expanding citizens' right to know, to encourage them to air their views. We advocate the idea of "putting people's interests first" and the rule of law, as well as coordinating the interests and needs of different groups of society, and working together to build a more desirable community environment.

To improve residents' living environment, adequately expand space available for public activities, and provide a necessary land reserve for Macao's growth, the Government has commissioned a professional consultancy to commence studies and planning for building new urban centres on Macao's reclaimed land. Following the stipulations of the Pearl River Water Resources Commission, the study was carried out under the principle of sustainable development. Through proper planning, the land reclaimed will be used to improve the overall traffic layout, beautify coastal landscapes, and increase green space as well as leisure and sightseeing facilities,

making it a new town with forward-looking planning. After obtaining an official reply from the central government, the Government will conduct a consultation on the scheme, and then implement it in a step-wise manner.

Helping citizens solve basic housing problems remains the key issue for us to ensure quality of life. To keep our promise to provide more public housing units, the Government is building more public housing units in the Northern District. Construction of Home-Ownership Housing units has also been accelerated.

Relevant departments are all trying to quickly adopt new thoughts to replace old thinking, and further the enhancement of leasing, bidding and ownership transfer regulations. This is aimed at allowing the supply of public housing and Home-Ownership Scheme housing to benefit those with genuine housing needs. In addition, the Government is conducting an in-depth, comprehensive study, and during next year will formulate policies to help citizens – particularly young people – to become first-time home-buyers.

## **6. Social Services**

Social services are a fine tradition of Macao, and are urgently needed by society today. We must make full use of the relevant resources of the Government, the community, hospitals and clinics to build a medical and health network covering all sectors of the community. With relevant departments at the core, we will provide the underprivileged with cordial and efficient one-stop services. We will strengthen the priority of emergency services amongst all social services. Regarding rehabilitation services, we will enhance the comprehensive support from various professional bodies.

Addressing senior citizens' needs, we will next year begin introducing legislation to ensure the elderly obtain all-round assistance. We will establish a robust network to deal with interrelated personal mishaps and family crises, and promote family harmony. As environmental protection affects the quality of citizens' daily lives, we must address it right now, and also make preparations for any future obstacles. All these tasks depend on cooperation between departments, and between Government and the community. Only in this way can our social services be truly responsive and inclusive.

Next year, the Government will devote more effort to promoting the extensive

establishment of a private pension fund system for local enterprises. We will study the feasibility of personal income tax exemption for employee contributions. Relevant legislation will also be introduced to allow citizens to share the benefits of economic growth.

By referring to the experiences of the international community, the Government will conduct a sweeping review of the current Social Security Fund system. We will make it more inclusive, more people-oriented and flexible, and more modern, resulting in gradual, significant improvements.

## **7. Educational and Cultural Development**

Regarding education, we will meet the needs for both homogeneity and heterogeneity, push ahead with education reforms, and provide educational institutions with the resources to offer quality services and improve their standards. In the new social environment with its emphasis on free market and competition, the respective roles of schools, parents, teachers and students should be highlighted within the education industry. We will elevate the level of autonomy in education. This new competitiveness will enable schools to fully realise their potential. We will give teachers ample opportunities to teach, demonstrate their professional talents by rationalising their workload, and enhance their professional as well as social statuses. The introduction of advanced international methodology and experience will stimulate students' interest in and potential for learning, and spread an intense desire to learn from schools to the community at large. We must not only boost university students' ability to learn, but also train their ability in abstract thinking, so they can integrate what they have learned, as well as display critical thinking and produce original ideas.

We will promote liberal education, to foster all-round individuals with specialties and broad vision who can draw inspiration from various academic disciplines and generate fruitful ideas. We will carry forward the spirit of "learning through interest" and "learning in a quest for knowledge", and support academic disciplines that are not in popular demand yet boast unequalled strategic value. This will help counterbalance the trend of education becoming increasingly one-sided and commercial, and build a robust and modern education system. Be it tertiary or non-tertiary, education should provide students with all-round training, integrating competition and cooperation. This will enable young leaders of the new generation to emerge whilst of school age.

In the coming year, the Government will continue progressing towards our

strategic target of free non-tertiary education. As soon as possible, we will formulate viable new schemes, and shorten the schedules of existing schemes. We anticipate completion of this major administrative mission, which has historic significance, no later than 2009.

We will promote educational, academic, cultural and artistic activities that are both popular and professional, advocate reading popular books while nurturing the habit of reading world classics and encourage book reviews and recommendations as well as exchanges of reading experiences. We will also make use of the science activities and competitions that have become common in recent years, to enhance young people's interest in popular science, and foster a popular scientific spirit and rational thought. We will encourage improvements to seminar models, and let different views clash, thus enhancing the community's critical thinking.

We will promote unconventional and ad hoc cultural salons to cultivate a social atmosphere of academic discussion and exploration. We will provide those learned and maverick academics with more opportunities to give lectures. We will encourage writing, and help publish quality, well-written books with profound messages and incisive analyses. We aim to develop general courses in literature, history, religion, and philosophy. These will be free to all who are interested, to facilitate citizens' learning. We will encourage experts to pass on their knowledge and skills to their students, so their expertise can be more widely appreciated. We will expand venues for exhibitions and performances, offering art aficionados more room to showcase their talents. We will develop art theories and art criticisms to nurture artistic achievements and aesthetic abilities within society. Through raising citizens' awareness of culture and arts, we seek to encourage a sense of aesthetics among members of the public, and manifest the values of morals and civilisation.

## **8. Building a Harmonious Society**

The components of a harmonious society are integral to community building. Following society's progress and growth, we must keep up with the ever-changing world, and cultivate harmony. Based on an open and forward-looking spirit, we will build a new, quality, harmonious society.

As an international city as well as a free port, Macao openly embraces the trend of globalisation. Our society has entered a period of sweeping transformation. Given this, it is normal for social harmony to become more dynamic, which is also a sign of



progress in social awakening.

Driven by rapid economic restructuring, Macao has been transformed from a relatively unchanging society to a place full of uncertainties, and from a society stressing mutual negotiations to a place increasingly marked by competition. The challenges from within, which coexist with the thriving economy, have resulted in active demands from society.

We are fully aware that reconciliation is not easily reached amongst the demands from various sectors of society, while these demands have been simultaneously made to the Government. This shows the community must share the same responsibility and same mission to build a harmonious society as the Government.

In a time of changes, creating a harmonious society is always closely allied to reform and commitment. Only resolute reform can eliminate the impact of changes, and offset the resulting destabilising factors. Only staunch commitment can prevent the spread of negative impacts and result in a kind of intangible mutual assistance, thereby dispelling the destabilising factors.

Reform and commitment are intertwined. Reform is the manifestation of commitment; and commitment is to embrace the cost of reform. The spirit of reform and commitment provides harmony with a robust foundation that will never collapse. We have a rare, historic opportunity to extensively and thoroughly demonstrate this spirit, and should not miss the chance.

Both the Government and the community must seek self-improvement, this being the prerequisite for a harmonious society. The Government bears a special responsibility here. Based on the spirit of reform and commitment, the Government has implemented the principles of “One Country, Two Systems”, “Macao people governing Macao”, and a high degree of autonomy. These are the fundamental objectives for building a harmonious society. Similarly, only in a harmonious society that’s jointly built by the Government and the community can “One Country, Two Systems”, “Macao people governing Macao”, and a high degree of autonomy achieve real success.

An important foundation of harmony is institutionalised impartiality. We must demonstrate the advantage of an executive-led Government through impartial administration. We will enhance transparency in the administration, particularly in

those crucial areas involving investors' interests and citizens' employment rights and benefits. We will release more comprehensive, more detailed, and more coherent Government messages to the media. We will strengthen anti-corruption and auditing efforts within public administration, to forcefully combat irregularities. Only through institutionalised impartiality can we ensure the stability of various social interests, and ensure impartiality is genuine and properly implemented. This will rectify anything truly unfair, and safeguard social harmony.

Through an orderly arrangement for handling social contradictions, demands can be conveyed more rationally. It enables the parties involved to find ways to bridge differences, reaching a consensus in a friendly and cooperative manner as well as with a scientific attitude. Disputes can then be promptly solved, avoiding procrastination that may indefinitely harm social harmony.

In its simplest form, resolution of social contradictions must be solidly founded on the rule of law. We must enhance the spirit of rule of law and civic awareness among citizens, and raise the public's law-abiding spirit. Various social appeals can then obtain reliable legal protection, be free from distortion, and social harmony will not be challenged. The rule of law implies resolving social disputes through impartial arbitration. It can restore social harmony, and ensure that harmony is constantly guarded.

Strengthening cooperation between the Government and organisations in different sectors is crucial to building a harmonious society. Through various consultation mechanisms and public service networks within districts, we will forge close ties with community groups to improve Government services. We must fully respect community organisations, and give wide support to their services and activities.

We firmly believe that with goodwill and care jointly cultivated by the Government and various sectors, all reasonable demands can be resolved through sincere cooperation among all parties. Meanwhile, we must prevent and ease social problems in a timely fashion, before demands accumulate. In the sphere of public administration, from policymaking to frontline services, and from addressing general difficulties among the public to solving problems for a small number of people, we must meet citizens' needs and expectations as far as possible. Only when people in all sectors are generally satisfied with overall aspects of social life can a complete, genuine, and sustainable social harmony be achieved.

Individuals and families remain the ultimate pillars of harmony. We must widely adopt the essence of moral thinking, and make the general public understand the unity of morals and wellbeing. Morals must be and should be observed in our lives. Steadfastness to morals is a kind of personal dignity that can never be compromised, a passport to personal strength that will never expire.

The creation of a moral civilisation particularly requires Government officials at all levels to enhance their own moral cultivation, and uphold proper ethics in public service, so Government work in various fields can demonstrate the value of moral civilisation.

Love our country, love Macao: this is a beacon of moral civilisation. Its embodiment in everyday and social lives is the dedication to serving the public and putting the interests of the majority first. We must practise what we preach, encouraging more people to do their utmost for the whole community.

We must acknowledge the positive side of the products of social transformation that can further citizens' wellbeing. At the same time, we must strengthen our morals and self-discipline to reduce the negative impacts of changes. Only in this way can a rational moral unity be established in the sea of contradictions, with moral values manifested here and now. Our immunity to moral degradation must pass certain tests before it can be strengthened.

Society's sustained moral progress hinges on the moral growth of young people. We must step up the institutionalisation of ethical and civic education in primary and secondary schools. We must continue nurturing young people's correct moral values by enhancing teachers and programmes giving moral education. We will also allow them to better understand society, thereby enhancing their abilities to make moral judgments. We will praise and award citizens with outstanding ethical performances, and use their stories as material for moral education.

The embodiment of morals lies in a pragmatic scientific spirit and cognitive attitude. We must grasp the whole picture of any situation as far as possible, refer to relevant historical experiences, adopt meticulous logical methods, study the nature and influence of the situation, and reach a rational and appropriate conclusion to the benefit of society. Through the Research Centre for Sustainable Development Strategies, the Government will integrate social resources, conduct scientific research on major topics including population, urban planning, adequate economic

diversification, and residents' quality of life. This will provide a solid and reliable intellectual foundation for the Government to address long-term administrative issues.

Minds and thoughts are the birthplace of morals. We must study all major religions and schools of thinking, including Confucianism and Taoism, to understand and integrate the cream of the doctrines guiding people to do good, and adopt an updated means of elaborating and disseminating it. This will raise the general public's awareness of moral values, and their initiative in practising morals. This will give the overall social life moral strength, and provide long-standing and well-established support to moral civilisation.

In conclusion, the creation of a harmonious society is contingent on the Government taking the lead in carrying out reform and making commitment. Institutionalised impartiality in public administration, including the orderly arrangement for handling social disputes, consolidates the foundation of harmony. Legal arbitration, with the rule of law as the major support, resolves destabilising problems, giving reliable protection to harmony. The integrated and in-depth dissemination of the essence of moral thinking contributes to the foundation of social harmony being built on the morals of each and every individual. The preceding conditions and the principles of being unbiased, fair and loving harmony, are necessary for society's stability and progress. The habits of helping one another and doing good deeds are invisible hands for enhancing the equitable distribution of wealth. Diverse arts interests make healthy and decent lifestyles prevail in society. Where there is moral civilisation, there is social harmony.

Madam President, members of the Legislative Assembly:

In view of the increase in public revenues, the Government will continue the tax concession policy to support SMEs, improve citizens' quality of life, and promote social harmony. We will continue last year's tax concessions in personal income tax, business tax, real estate tax, signboard tax, tourism tax, hawker licence fees and market-stall rents, stamp duty on non-life insurance, and stamp tax on bank service charges, and continue to offer old-age allowances. New tax concessions for next year are the waiver of stamp duty on life insurance, and waivers of mobile phone licence fees and pager licence fees. Implementing these tax cuts is expected to result in a revenue loss of about 470 million patacas. According to the community's economic environment and salary trends, the MSAR Government has decided to adjust civil servants' remuneration, revising the salary index from the present 52.5 patacas to 55,

representing a 4.76 percent rise. The relevant bill will be submitted to the Legislative Assembly next year for discussion.

## **Conclusion**

Madam President, members of the Legislative Assembly:

The MSAR is at the crossroads of conventional and modern development modes. The emphasis of overall development has moved from specific tasks in particular fields to the fundamentals of society, politics and public administration. We must make use of sophisticated ethical consciousness, profound wisdom and vision, to create the best combination of the traditional and the modern through trials and experiments. This will enable significant progress in various undertakings of the SAR, against a sound benchmark that is widely agreed among the community.

We are proud of ourselves in many ways. We have the edge of “One Country, Two Systems”, a solid Government establishment, and 500,000 industrious and upright citizens who will stand with the motherland and Macao through thick and thin. Supported by these pillars, we can fully use or upgrade what we already have, and gradually create a diverse, harmonious and sophisticated society. While candidly voicing their demands, citizens vigorously participate in building society, thereby making social life more balanced. Consequently, various disputes can be prevented and addressed in a timely manner, and social problems can be properly identified and handled.

If we consider development from dynamic perspectives, we can understand that an election culture exists naturally in Macao, being a democratic society. An election culture will, on the one hand, boost competition and progress in society, while on the other hand, make many issues political. Disputes thus arise, and are sometimes quite violent. However, as long as we deal with these calmly and properly, and strictly in line with the Basic Law, even if these disputes result in a degree of disharmony at certain times, and generate some unstable factors, the community will not waver in the determination to attain social unity and progress. Those disputes will neither change citizens’ belief in harmony, nor affect the implementation of the principle of “One Country, Two Systems” in Macao.

Macao citizens will be increasingly aware that building a harmonious society is a contemporary issue, and also a long-term mission requiring the efforts of this and following generations. Building a harmonious society is neither a passive nor flamboyant political project, but a crucial historic mission concerning the wellbeing of ourselves and our offspring. We firmly believe that, when building a harmonious

society, all citizens will untiringly forge ahead, and share the process and success of the courageous advance.

In the past seven years, while effectively facilitating the Government's administration, the Legislative Assembly has continued to apply checks and balance to the Government, and prevented and redressed administrative mistakes in a timely manner. The entire civil service team has expended tremendous effort in performing its duties, and serving the public despite difficulties and challenges. The prosperity and progress created by citizens have consolidated the administration's foundation. Opinions and demands expressed by various social sectors have served as alerts to potential shortcomings in the Government's administration. The central government and various mainland China organisations based in Macao provide continual and unreserved backing to the MSAR in every sphere of its activities. I would like to take this opportunity to express my deep gratitude to and great respect for all the aforementioned.

That is the end of my report. Thank you, Madam President. Thank you, everyone.