

Policy Address for the Fiscal Year 2004 of the Macao Special Administrative Region (MSAR) of the People's Republic of China

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Policy Address for the Fiscal Year 2004 of the Macao Special Administrative Region (MSAR) of the People's Republic of China

Delivered by the Chief Executive, Edmund Hau Wah HO
19 November 2003

Madam President, Members of the Legislative Assembly,

Today, I am pleased to attend the plenary meeting of the Legislative Assembly of the Macao Special Administrative Region. In accordance with the stipulations of the Basic Law and on behalf of the Macao SAR Government, I now present the policy report for the fiscal year 2004, for your evaluation and discussion.

Introduction

Advancing on the road of “One country, two systems”, “Macao people governing Macao” and “A high degree of autonomy”, the Macao SAR has continued to explore new opportunities, overcome various challenges, accumulate some experience, achieve a number of successes and make progress.

Macao had just begun to engage in a process of fundamental reform last year when the entire community united as one to meet the big challenge of preventing SARS. The Government gained considerable administrative experience in this effort, and we demonstrated a flexible approach in adapting to change. What is more, the challenge did not hinder us in the least in pursuing the other major administrative projects we had already begun, including economic liberalisation and administrative reforms. On the contrary, we made fresh progress and scored new achievements in implementing them. Advanced preparation, close cooperation, good coordination, timely estimation and constant improvement have been the major features of the Government's administration during the past year; they have demonstrated how we and the community can advance together through our combined efforts.

The Government serves the entire community of Macao. Therefore, we must seek the broadest possible consensus among its citizens for every single step we take, to ensure the greatest benefits for the community and the smooth implementation of our policies. This principle has been firmly upheld by the Government in the past, and we will continue to do so in the present and future. In the coming year, the Government will remain people-oriented, and we will ensure a diversified and balanced

administration with appropriate emphases, in order to promote the interaction and development of different sectors of society. We will use the implementation of our policies, the promotion of a spirit of civic responsibility and the further nurturing of a sense of dedication and creativity in order to unleash the energy of the community. The Government will build on existing achievements in order to strengthen our efforts and eliminate shortcomings, especially in terms of enhancing the quality of governance, and we will ensure that each and every effort we make is in line with our administrative principles and objectives.

Part I Summary of the MSAR Government's work in 2003

Madam President, Members of the Legislative Assembly,

Please allow me to briefly review the work of the MSAR Government in 2003.

1. Administrative reforms have continued, and new improvements have been scored in public services

In the past year, public administrative reforms continued according to schedule. Preliminary areas for reform were identified in different services, and meaningful breakthroughs were achieved. Good tools are essential for doing a job well. We have made substantial preparations to reform both our “hardware” and our “software”, so as to consolidate our past achievements and take larger strides in advancing the reform process further in the coming year. Such preparations have included the accelerated modification of the laws and regulations related to public servants and the building of an electronic government.

In line with the requirements of economic development and the everyday needs of citizens, the Government has launched a one-stop licensing service for food and beverage outlets and entertainment premises to enable business operators to enter the market more speedily, and to encourage the establishment of new businesses in Macao. We have extended our one-stop registration and notarization services to cover more areas. As for performance pledges, every Government department that provides external services has now implemented such a system to some extent. Where it has not yet been possible to provide one-stop services and institute performance pledges, we have tried our best to streamline service processes and increase their efficiency, in order to extend the benefits of service reforms to more people.

Close cooperation within the community allowed Government departments to

conduct various epidemic prevention and hygiene projects during the past year. This created new momentum for our implementation of future community services. Such projects also demonstrate that reform and improvement of public administration are the common aspirations and practices of the Government and the people. Only by joining hands with the people can a government continue to improve its services.

In the past year, the Government maintained its strong anti-corruption and auditing efforts. Those have effectively curbed irregularities and breaches of discipline, and they have been instrumental in ensuring the legality and rationality of public administrative processes and safeguarding the achievements of public administrative reforms.

2. Economic recovery has gained momentum and energy

In response to the upturn in the local and surrounding economies, the Government made major efforts to improve the local business environment during the past year. The revision and formulation of a number of laws and regulations, such as the External Trade Law, the gradual streamlining of administrative services and the enhanced exchange of industrial and commercial information have all stimulated interest among potential investors, as well as enhancing the confidence of existing investors about expanding their operations. As a result, the number of investments in Macao continued to increase gradually this year, especially foreign investments in offshore services. Meanwhile, the property market also maintained an upward trend.

Driven by favourable external conditions, and with support from the Government and local industries, the tourism and gaming industries achieved good results, despite the serious setback caused by the outbreak of SARS. Following the SARS outbreak, the tourism industry rebounded strongly, thanks to the mainland's facilitated individual travel (FIT) policy for Hong Kong and Macao-bound travel. This created a specially vibrant tourism market during the nationwide "Golden Week" holiday in October. By the end of October, the number of inbound travellers had already come close to the total for the entire previous year. Gaming revenue increased greatly and various related industries also benefited; thus setting the scene for an increasingly brighter future for their business operations.

The performance of the import and export industry was pleasing. What was particularly noteworthy was the fact that this sector remained robust, while many others were adversely affected by the SARS outbreak during the second quarter. It

made a large contribution to Macao's steady economic development throughout the year. This also highlights the importance of diversification in Macao's industrial sector.

The local civil aviation industry responded quickly to the big threat from SARS by developing cargo services and simultaneously seeking to minimise the decrease in passenger numbers, thus achieving considerable results. The related logistics industry likewise made gradual progress, scoring a number of breakthroughs in the development of the western Guangdong market.

Macao continued to work hard to maintain financial stability. It adopted several new measures to regulate the banking and insurance sectors, thus ensuring the stability and healthy development of the financial market. After several years of modifications and business development, the banking industry has passed through the most difficult phases, and it is now advancing successfully.

Since tourism, gaming and several other industries performed relatively well, and the overall economy revived, Macao's GDP is expected to maintain an upward trend, following the large increase seen last year.

3. External relations have been strengthened and infrastructure projects have begun to yield results

In the past year, the Government continued to develop external relations, including our integration with the mainland and surrounding regions, as well as our cooperation with other countries, especially the Portuguese-speaking ones.

The Government strongly emphasises promoting rapid economic integration with the mainland, particularly with the Pearl River Delta, as well as strengthening our cooperation with other regions, so that we can share our resources and complement each other. The Guangdong-Macao Cooperation Group continued to perform the role of coordinator and promoter in this endeavour. When faced with the SARS threat, Macao and Guangdong cooperated smoothly and made major contributions in areas such as the exchange of information, technology transfer and joint preventative efforts against the disease. During the past year, we also achieved various degrees of progress in cooperation in areas such as tourism, public order, culture, health and medicine, the building of infrastructure and environmental protection. The success of the Western Guangdong Famous Products Fair fully demonstrated Macao's status as

the commercial and trading services platform for western Guangdong. The joint creation of the Macao-Zhuhai Trans-border Industrial Park (TIP) will help to promote the development of Macao's manufacturing industry. The preparatory work for the Hong Kong-Zhuhai-Macao bridge is accelerating the economic integration of these three regions. The Mainland-Macao Joint Committee on Trade and Commerce also achieved results in its preliminary work on various projects, including the avoidance of double taxation.

The success of last month's Forum for Economic and Trade Co-operation Between China and Portuguese-speaking Countries (Macao) elevated economic and trading cooperation between China and Portuguese-speaking countries to a new stage of development, and greatly enhanced Macao's international status. This gathering highlighted Macao's major function as a platform for economic cooperation and trading services between China and Portuguese-speaking nations. The Mainland and Macao Closer Economic Partnership Arrangement (CEPA) also signed last month will definitely have a positive and long-lasting effect on facilitating trading and economic cooperation between the mainland and Macao, as well as accelerating the streamlining of Macao's industrial structure.

To support Macao's local development better, and to meet the needs of regional cooperation, a number of major infrastructure projects are now in full swing. Construction of the main building of the new immigration checkpoint at the Border Gate has basically been completed. Measures to streamline traffic at the COTAI-Hengqin Island border checkpoint, which were implemented early in the year 2003, have achieved good results. Construction of the third Macao-Taipa bridge has begun and is making good progress. Substantive preparations will shortly begin for various cross-border traffic solutions that will link Macao more closely with the Pearl River Delta.

Construction of the stadium and ancillary facilities for the 2005 East Asian Games is also underway, under strict quality and safety controls. Sections of the stadium have already been completed and construction of other facilities is on schedule. Modification works at Sao Lazaro Area, Praca de Ponte de Horta, NAPE and Barra zone are all progressing smoothly. At the same time, redevelopment of the Inner Harbour has commenced. The redevelopment of Macao's urban districts is currently progressing steadily. The launch of these projects has stimulated domestic demand and created many job opportunities in the construction sector.

4. Society has been united against SARS and has remained calm and stable

Like other neighbouring regions, Macao suffered from the sudden outbreak of SARS during the first half of the year. This was a severe challenge for the Macao SAR, which had just been established and begun its economic recovery. With the Motherland's strong support, the MSAR Government united with healthcare workers and the entire community to overcome the difficulties created by SARS, and we achieved good results right from the earliest stages of our efforts against the disease.

The fight against SARS gave us some new insights and achievements. First, the Government acted in a timely manner to create a cross-departmental response team headed by principal officials. The entire effort against SARS was coordinated with a clear division of labour, good order, quick responses and good results. Moreover, besides our internal mobilisation, we communicated closely with the World Health Organization, the mainland and Hong Kong. As a result, we received substantial support from them, in terms of medical resources, technology and information exchange. In addition, our local healthcare workers demonstrated the "Nurse Florence Nightingale Spirit"; a high degree of care and conscientiousness, just as science demands; and a strong attitude of devotion to their front-line roles, thus ensuring the safety and stability of the community. The most important thing was that all of society vigorously supported the Government's anti-SARS efforts, and every community organisation took initiatives to complement those of the Government. Citizens from various sectors put forward their ideas and strategies to the Government, and every district participated in a big cleansing campaign. As a result, urban hygiene has improved and people have become more health-conscious. Moreover, our society has become even more united.

To lessen the negative impact of SARS on Macao's export-oriented economy, various governmental organisations and departments co-organised a number of large-scale integrated activities with community organisations and the retail sector as soon as the outbreak began to ease. These helped to stimulate internal consumption, attract tourists to return, and restore the confidence of citizens and investors. The enthusiastic participation of local organisations and citizens, as well as the easing of the SARS outbreak in surrounding cities, revived the local market and our major industries, resulting in a significant rebound in Macao's economy. At the same time, participation in these activities increased the general public's understanding and sense of belonging to Macao.

The Government maintained an unswerving dedication to caring for people's

livelihoods and supporting the underprivileged members of the community. During the past year, we reduced or waived several taxes, and provided special assistance to underprivileged families and poor students. Government departments continued to launch different types of recreational, arts and cultural activities in response to the needs of citizens and in line with social developments. We spared no effort in providing every kind of social service to children, young people, adults, the elderly and families. Peace, stability and racial harmony remained the fundamental characteristics of Macao's society.

Education is a major area of focus for the Government. Local tertiary education institutes launched a number of new courses with local characteristics, and reinforced language training and scientific research to meet Macao's development needs. The project to reform the elementary education system entered the public enquiry stage. Local educational workers and the general public are very concerned about improving the local education system, and they have raised their constructive opinions. Continuing education, vocational education and training are effective ways to optimise the use of our human resources.

5. Summary of achievements

In the past year, the Government adopted special contingency measures to prevent any crisis from arising. Our overall governance capabilities faced real tests, and they were enhanced as a result. At critical moments, the Government was able to reconfigure existing mechanisms and reallocate existing resources, while still maintaining a strong sense of unity and a high degree of efficiency in our work. In times of crisis, the Government was able to minimise the side effects of the special contingency measures, thus reducing their negative impact on other aspects of our work. All these experiences have greatly inspired us and provided us with many valuable insights that will be useful in our future administrative work. Most importantly, it showed us that the Government would not have been able to achieve these successes if we had lacked a strong sensitivity towards the needs of society, if we had not heeded the smallest early warning signs of danger, and if we had failed to acknowledge the possibility that the situation might worsen. Government officials at every level should always bear these lessons in mind.

In recent years, the Government has adopted many short-term ancillary measures to improve the people's general living standards and the economy. Together with our anti-SARS efforts, as well as the series of measures we took following the outbreak,

the initiation of various short-term measures has been a major characteristic of the Government's administration during the past year. We have tried our best to integrate such short-term measures with our longer-term ones, as well as to combine special projects with our ordinary ones, so as to synchronise and create synergy between them. In other words, we have accelerated the achievement of some longer-term administrative objectives through short-term measures, and we have used the short-term measures to gain experience that will allow us to improve longer-term projects. Society is constantly evolving, and new situations frequently arise. Therefore, in a sense, short-term measures will always be a common characteristic of public administration. As the facts show, short-term measures are the major driving force behind improvement of the Government's work, and they create unique and advantageous opportunities to reform public administration.

Most of our public servants deserve recognition for their efforts during the past year. Our frontline anti-SARS workers never left their posts nor complained, and all the people working in other functions contributed directly or indirectly to the anti-SARS efforts, without neglecting their normal duties. In the four years since reunification, Macao's civil servants have gained a deeper understanding of the nature of the present challenges and of their own missions, giving them a clearer vision and set of objectives. They now understand and care more about the difficulties and needs of the people, and they have shown big improvements in their service attitudes, methods and effectiveness. Officials at all levels have started to become aware of and understand the importance of sensitivity towards social needs, as well as gaining a powerful political insight. They now have an increasingly better grasp of the Government's policies, and the application of our administrative values in Macao has become more and more effective. We fully understand that the training of high-quality civil servants cannot be achieved within a short period. However, through constant hard work, the accumulation of knowledge and self-improvement, Macao's civil servants today have in fact already changed their values, enriched their experience and made reforms in their work. They have become a service-oriented team that is constantly improving and progressing, even though they still have a number of shortcomings.

However, neither the Government nor the civil service as a whole should be complacent. Time waits for no man. Change continues with every minute and second. Past achievements can never cover present shortcomings, nor guarantee future results. Therefore, we will never allow our past achievements to hinder our future progress. The entire civil service, including officials and supervisory staff at all levels, must adopt a holistic approach and possess a long-term vision about administration. As

leaders, we must always be prepared for the worst, maintain a strong sense of direction in complex situations, be decisive in handling major social issues, and effectively mobilise people to recover from them afterwards. The problems faced by the people, as well as the ideas and wisdom of the people, should drive the policies that we implement.

We will maintain a dialogue with people from all walks of life, learn about their actual needs, avoid making unwarranted assumptions about them, or relying on textbook strategies. We will listen to their innermost thoughts through every channel, as well as face-to-face encounters. We will optimise the potential of the formal services that exist to collect feedback from the public, enhance other channels for gathering such feedback, and coordinate these services and channels so that we collect information about people's lives in a timely and comprehensive way.

We will also seek to minimise social conflict by understanding and embracing the various requirements of different interest groups in society, and providing the highest degree of service. We will always bear in mind the lesson that even what seems like a small issue may have major consequences at a later stage. We will apply our set of values even to technical issues, and we will recognise the political implications of social issues.

We will establish objectives in our work that truly enhance our services, avoid using abstract or highly generalised bureaucratic talk to cover up our deficiencies, avoid using achievements in minor tasks to try to compensate for inadequacies in major ones, and avoid using superficial successes to overshadow defects in our fundamental tasks. Our administrative policies will not merely consist of slogans or ideologies; they will be practical and effective ones.

Since reunification, the Government has achieved some improvements in administration, and we have dealt with certain grey areas in a timely manner. This means that Government departments are no longer rigidly compartmentalised; they implement cross-departmental cooperation that has already reaped fruitful results. We will further enhance team spirit within the civil service, to the degree that mutual cooperation becomes a matter of shared glory or failure. In their everyday work, our department heads will become more demanding of themselves, fairer and more caring towards their staff, and providers of strong and convincing leadership.

Some of these principles and practices have already been introduced; others have

been poorly implemented, or have yet to yield real results. Nevertheless, we will not remain stationary, and it would be an even greater mistake if we were to backslide. Only if we continuously raise the professionalism, quality of work, mindset and mentality of the entire civil service can the Government avoid being controlled by external or random events and be able to maintain a good level of services, avoid crises, resist adversities, overcome administrative difficulties in an effective manner, and approach or satisfy the people's aspirations.

Part II Priorities of the MSAR Government in 2004

Madam President, Members of the Legislative Assembly,

1. Intensifying administrative reforms and building a fairer society

In the coming year, we will continue to deepen the process of reforming Macao's public administration. Since reunification, the MSAR Government has adopted a series of reform measures over a period of time, with the aim of satisfying the public's expectations about our services. Society has recognised the overall purpose and successes of these measures; but some of them have only achieved temporary effects. They need to be further refined before they can be permanently implemented. Other measures that were put into practice too hastily and without sufficient prior consideration may in the future either create new problems or overcorrect existing ones. We will work to improve these further.

While focusing on improvements in certain service areas, we may have overlooked problems in others. Improvements in some departments have not always been complemented by improvements in others. A single measure may have different effects in different departments. On occasion, we have found that a particular measure produced excellent results, but the public may not agree with us. Therefore, we feel it is necessary to continuously review, adjust and reorganise our existing reforms, to help strengthen their foundations and improve their overall quality, so that the road of reform ahead of us may become smoother and straighter.

At the same time, we will extensively promote reforms that have proven their effectiveness and created the fewest adverse side effects. In line with the will of the people and society's needs, isolated and incoherent reforms will be refined to make them more systematic and consistent in their standards. Self-administered reforms in individual departments and sectors will be elevated to the level of cross-departmental

reforms. Reforms that have been carried out in a mechanical way will require greater attention to detail, in order to make them more caring. The reform process in certain areas must become more proactive, rather than simply waiting for people to express their comments.

We will also conduct more comprehensive and objective research into the effects of our reforms, to avoid directionless efforts and increase our ability to remedy our own faults and rejuvenate ourselves. We will strengthen the spirit of unity among our civil servants, so that they share the responsibility for both glory and failure. At the same time, we will allow our civil servants to gain more experience and strengthen their capabilities, so that both citizens and civil servants will both benefit from the overall reform process. All these areas will form the major focus of the Government's administrative reform efforts during the coming year.

In the next 12 months, the Government will also continue with legal reforms, at the fastest possible speed commensurate with quality. We will adopt measures that regulate and can be quantified, that simplify relevant procedures and eliminate any technical factors that may hinder the progress of legal reform. We will set up a legal reform enquiry system to benefit from the wisdom of society and gain its understanding. We will develop a holistic vision that integrates legal reforms in different areas and eliminates conflicts. At the same time, we recognise the urgency of certain reforms relating to the Government's services and the people's livelihood. Our legal reforms will reflect current developments in society, while at the same time maintaining consistency within the entire legal system, and we will ensure that they measure up to the tests of time.

Given the broad range and complexity of our current legal reforms, we have insufficient professional resources. If we push forward the reform process too rapidly, we risk sacrificing quality. We believe society fully understands this problem, and that it agrees with the Government that the largest legal reform project in Macao's history should be undertaken through careful and steady steps. At the same time, we will never delay any reform that can be implemented more speedily.

Safeguarding equity and justice is the key to the rule of law: it is something that the people expect. Society is becoming more and more complex, and the patterns of crime are growing increasingly unpredictable. Therefore, we will never underestimate the challenge of maintaining public order. We will spare no effort to strengthen our police force, ensure its good management, eliminate corruption, extend the methods

of reward and punishment, and promote the career development of police officers who score big achievements, so as to build strong morale within the police force and develop it into a very powerful deterrent against any evil-doers.

As the local economy enters a new phase, the temptations of corruption are likely to increase. We will enhance our systems to prevent and investigate corruption, as well as ensure that the law punishes any person proved guilty of corruption. Only by fighting against corruption can we give due recognition to people of high integrity. The building of a corruption-free environment is not simply an aspect of justice. It is also an important element in human development. We will energise the virtue of integrity with a deep-rooted moral power, through extensive cooperation from the community, in order to curb the crime of corruption in an effective manner.

The existence of justice within a society is demonstrated not only by the building of the rule of law, but also by the prevention of social problems, and the material and spiritual support it gives to the less fortunate. These special challenges face the MSAR Government as we provide services to assist the people's livelihood. We will cooperate extensively with community organizations, and enlist the help of overseas service organisations whenever appropriate, to help the underprivileged, the sick, young people at risk of delinquency, victims of family violence, and anyone else who is suffering from whatever causes, or who is facing personal crisis. The Government will reach out a caring hand to help them rebuild their lives, and to fill their lives with optimism and energy. As far as serious crime is concerned, we will conduct effective investigations and implement punishments, with the aim of deterring any tendency towards violence in our society, and to provide due protection to its potential victims. The MSAR Government will extend adequate social assistance to more of the people who are facing difficulties in their lives.

We will continue to join hands with the public to make personal and environmental hygiene the first line of defence against the spread of disease. We will increase public hygiene standards, effectively prevent the spread of any infectious disease, and integrate our efforts in this area with other public safety work, so as to build a society that enjoys good standards of hygiene and a high degree of public safety. To safeguard the public interest and image of Macao, the Government will severely punish the perpetrators of any kind of fraud, including those who cheat tourists out of their money, and who defraud the Government of social benefits. As far as employment is concerned, we will help to resolve the problems of supply and demand through normal and rational channels; and we will never allow illegal employment to

harm the employment rights and opportunities of our local citizens.

Insightfulness, decisiveness and proactivity are the keys to public services in the present era. Besides helping the public resolve their existing problems, the various public services related to the people's livelihood must always bear in mind the possibility that small problems may develop into larger ones, unless they are addressed promptly. We must likewise remember that individual events may grow into widespread patterns, and that these situations may create a chain reaction which will have an impact on Macao. With this uppermost in our minds, we will modify and improve our services in a timely manner. For, if we are too slow to react and a situation worsens, we will not only miss valuable chances to remedy it; we will also lose the trust of the community and harm the interests of the people.

2. Promoting economic development and streamlining the structure of industry

Tourism and gaming form the “head industry” of Macao, and they have become the major engines of economic growth in recent years. In the coming year, the MSAR Government will spare no effort to sustain and strengthen them. Due to favourable factors that exist in the regions surrounding Macao, especially the implementation of the mainland's “facilitated individual travel (FIT)” policy, the number of visitors to Macao is expected to remain at a relatively high level. The “hardware” of the tourist and gaming industries will continue to improve, as various gaming operators gradually implement their investment plans and a number of large-scale new tourism projects are completed.

The Government will promote the improvement of Macao's business environment in line with these latest developments. We will enthusiastically step up our practical efforts to formulate, improve and implement regulations and laws; simplify administrative procedures; train our professional workers; strengthen and explore target markets; streamline and enrich our tourism resources; implement and develop regional cooperation; and prevent and fight against illegal behaviour. Convention tourism and business travel will be the major areas of development in the coming years. In building these, the Government will closely cooperate with the tourism industry and neighbouring regions. We will coordinate better with industry and non-governmental organisations to mobilise the community and optimise the advantages of the division of labour, thereby promoting the development of our “head industry” more effectively. At the same time, the Government will also enhance our power to drive and coordinate the speeding up of developments in related industries,

such as the hotel, retail, public transport and finance industries, and add momentum to the growth of our blossoming services sector.

The rapid development of the “head industry” makes a great contribution to local economic growth. Yet, it also poses big challenges for us. We will take timely and comprehensive measures to consider whether our local “software” and “hardware” can keep pace with the challenges posed by rapid changes in the market. Therefore, the Government will enhance related research and analysis efforts and evaluate Macao’s overall capability to receive fast-growing numbers of visitors; and we will use these as the basis for formulating relevant strategies. We will also guard against any recurrence of the short-sighted behaviour that occurred in the past, such as focusing only on seeking short-term benefits, as well as the laziness that resulted from our complacency about the relatively stable sources of visitors. We will remain aware of the fact that quality services and a healthy tourism market are key factors that sustain the development of the local “head industry”, and the Government will join hands with the entire industry to nurture them.

Streamlining the structure of our industrial sector is closely related to the sustainability of Macao’s development, the employment rate, and the stability and prosperity of the community. The Government will therefore continue to increase our efforts in this area. In tandem with the development of the “head industry”, we are giving enthusiastic support to the sound development of manufacturing and other traditional industries. With the central government’s strong support, the “Macao-Zhuhai Trans-border Industrial Park” project will soon be approved, and related infrastructure work, as well as the formulation of regulations and laws, will soon be carried out. This project will ride on the opportunities presented by the “One country, two systems” policy, and it will allow the relevant strengths of Macao and Zhuhai to complement one another.

On the one hand, it will create benefits for the development of Macao’s manufacturing industry and enable it to grow to new heights; while on the other, it will attract foreign investments, thus driving the streamlining of the structure of local industry and promoting employment. Besides further developing traditional industries, the MSAR Government will continue to support and nurture the fast-growing new industries in Macao. Offshore business has grown at a relatively rapid pace in recent years. While strictly enforcing relevant laws and regulations, the MSAR Government will promote the steady development of this new service industry through more effective investment incentives and follow-up services, as well as tax benefits.

We will create a better environment for the development of the medicine and pharmaceutical industry, as well as the environmental protection agency industry, in line with Macao's applications for a "Champions of the Earth" award and the title of "Healthy City".

Aviation, logistics, exhibition and convention industries have all witnessed considerable progress in recent years. The Government will support and complement their future development. We will endeavour to make such high-potential new industries the key areas of our future economic growth, realising the adequate diversification of local industry and providing the younger generation with more career development opportunities.

The Government has always highly valued the contributions of local small and medium-sized enterprises (SMEs). We will continue to give them necessary support, to allow them to advance together with Macao as a whole. During the coming year, the Government will further streamline the market environment. In particular, we will launch three financing assistance schemes targeted at SMEs. These will aim to encourage young people to start their own businesses, and provide stronger support in areas such as economics and trading, technological liaison, management, information exchange and the development of overseas markets.

Promoting the employment of citizens will remain a major emphasis of the Government's administration during the coming year. We have noticed that Macao's employment rate has remained stable as the economy has revived. Yet there has been little improvement in the unemployment problem created by changes in the structure of industry. Less-educated middle-aged people have continued to suffer the most from this. Therefore, the Government will maintain a policy of protecting the employment of local labour, which has proven effective in the past. At the same time, we will also launch a number of more focused measures in the coming year. The Government will strengthen and perfect vocational and on-the-job training programmes to increase the competitive edge of our local people, and we will make major efforts to strengthen the relationships between training and employment.

We will strive to promote the implementation of the "Macao-Zhuhai Trans-border Industrial Park" project, with the aim of creating a large number of new job opportunities within a short period. In addition, we will promote the timely exchange of market intelligence and increase the effectiveness of job-matching projects, which

will be mainly the responsibility of the Labour and Employment Bureau. The MSAR Government will likewise devote energy to helping local workers enhance their technical skills, to allow them to participate in various public and private sector development projects, and bolstering their self-development skills hand-in-hand with Macao's overall development. At the same time, the Human Resources Development Council will facilitate the import of adequate numbers of foreign professionals and other non-resident workers to meet the needs of social development.

To promote the coordinated development of society and reform the social security and taxation systems, the Government has decided to extend the scope of the Social Security Fund to include self-employed workers in the construction, fishery and cartage industries during the coming year, following a serious evaluation of our financial situation. With this extension of its coverage, 70 percent of the entire working population will contribute to the Social Security Fund, thus making our local social security system more comprehensive. To promote a balance between the highest rates of Corporate Income Tax and Personal Income Tax, and to attract further investments, the Government will, during the first half of the coming year, propose to the Legislative Assembly that the Corporate Income Tax Regulations be revised, and that the highest corporate tax rate be lowered appropriately.

In line with Macao's economic development and the needs of its people, we will further perfect urban planning, and gradually advance the building of the urban infrastructure. In accordance with their local characteristics and conditions, the Government will continue to further modify and beautify each urban area. At the same time, we will enhance ancillary facilities in newly developed urban areas, and place the redevelopment of older districts on our agenda for discussion. We will allocate more land to newly emergent industries, to foster their growth and development. At the same time, we will ensure that energy supplies keep pace with the demands of our economic development, with due respect to the spirit of the current franchise contract.

3. Grasping the opportunities created by CEPA and bolstering regional cooperation

As an export-oriented micro-economy, one of Macao's characteristics is its dependence on external markets. So, we should not seek to develop behind closed doors. Indeed, we could not succeed if we tried to do this. Looking at local and overseas markets, we can see how the globalisation process is continuously advancing, and regional cooperation is developing more rapidly than ever before. Take China as just one example. The building of the "China-ASEAN Free Trade Area" is progressing at an ever-faster pace. The Yangtze River Delta now stands head and shoulders above all the country's other regions, in terms of its success in regional joint development. The Pearl River Delta, where Macao is located, has also seen new breakthroughs in regional cooperation. As surrounding markets develop and our own conditions improve, the Macao SAR will further intensify and increase the effectiveness of our own regional cooperation efforts.

Last month, the Mainland and Macao Closer Economic Partnership Arrangement (CEPA) was signed. This creates major new development opportunities for Macao, and generates favourable factors that will enable us to foster regional cooperation. CEPA is a creative example of how the advantages of the "One country, two systems" policy can be realised within the framework of World Trade Organization regulations. CEPA will help to accelerate the economic integration of the mainland and Macao, and it will promote a qualitative leap forward in Macao's development. Since trading and investment have now become more convenient, and there is greater freedom to trade goods and services, local entrepreneurs and professionals will find it easier to extend the markets for their existing export and service businesses throughout the much larger and more vibrant mainland. At the same time, more foreign investors will be attracted to Macao; and they will join hands with our local entrepreneurs to enter the mainland market together.

The Government will give its enthusiastic support to such developments, which will add extra value to our manufactured goods. We will make it our special focus to build and promote the prestige of "Made in Macao" brands. Following the implementation of CEPA, we expect the streamlining and reform of Macao's industrial sector to gather momentum, and Macao's function as a regional trading services platform and intermediary will become stronger.

To achieve our goal of "reaching out and inviting in", in other words, encouraging

joint development with partners who complement one another, we will make sure we proceed in a practical and creative manner. We will start with our closest neighbours before we reach out to more distant ones; and we will begin our efforts in the immediate vicinity of Macao before we extend them to cover the entire region. In line with the requirements and feasibility of regional cooperation, collaboration with the greater Pearl River Delta, especially our economic integration with Zhuhai and Western Guangdong, should take precedence on our external cooperation agenda. Building and developing the “Macao-Zhuhai Trans-border Industrial Park”, as well as accelerating the process of business cooperation with Western Guangdong, will not only satisfy the requirements of our present economic development; they will also help us to understand the process of regional cooperation better, fully realise the benefits of the “One country, two systems” policy, and further extend our areas of cooperation. Riding on Macao’s unique advantages in terms of our language abilities, personal connections and historical heritage, and with the Motherland’s full support, we will be able to reach across geographical boundaries to cooperate with Portuguese-speaking countries and Chinese businesspeople worldwide.

Close connections and business relationships already exist between Macao and other parts of the mainland, as well as with countries and regions in Asia, Europe and the Americas. It is therefore appropriate for Macao to encourage these exchanges further. In the course of developing our cooperation, we must be practical and emphasise both quality and quantity (especially quality). Working on these foundations, we will constantly come up with new ideas, and adapt the mode of our cooperation with others in line with changing circumstances. The Government and community will first explore ways in which we can integrate our various external cooperation projects with our own unique qualities, as well as the huge attractive power of the China market, so as to fully and smartly exploit the opportunities created by CEPA. Secondly, we will start to think seriously about how to leverage on the establishment of the “China-ASEAN Free Trade Area through multi-level cooperation with Western Guangdong, Southwest China and the ASEAN countries during the coming years, enabling Macao to both participate in and benefit from this free trade zone.

The building of three service platforms – the “Trade Service Platform for the Western Part of Guangdong Province”, “Cooperation Platform for the Global Network of Overseas Chinese Businesspeople”, and “The Economic and Trade Cooperation Platform between China and the Portuguese-speaking Countries”, aims to implement the policy of “reaching out and inviting in”. In this way, we will leverage on Macao’s unique advantages and promote the development of our service industry. These three

platforms have received widespread recognition in our community, and the early phases of building them have run smoothly. The most important task facing us now is to quickly integrate their benefits with the opportunities brought by CEPA. Such integration will greatly strengthen Macao's economic development. At the same time, the Government will complete the building of each service platform in an efficient manner, in accordance with its individual characteristics, and with a high degree of seriousness and attention to detail. We will also give them timely legal, administrative, technological and information support. The Government will likewise accelerate the building of various intermediary services, and provide even more effective and high-quality support through our trade and commerce departments and other relevant organisations.

In line with external cooperation and economic development, the Government will invest further in our public transport infrastructure during the coming year. We will speed up the improvement of sea, land and air transport facilities. At the same time, we will ensure that the local transport network is integrated with both regional networks and our other development plans. We will endeavour to complete the construction of the new immigration checkpoint building at the Border Gate as quickly as possible, and advance the construction of the third Macao-Taipa bridge, in accordance with our strict quality and safety controls. At the same time, we will fully support preparatory work for the construction of the Hong Kong-Macao-Zhuhai bridge and Macao's section of the Beijing-Zhuhai Superhighway.

It must be emphasised here that the MSAR Government can only give guidance and support. It is necessary for Macao's citizens and business community to join forces to realise the full potential of the above three service platforms. We will encourage and support local enterprises and citizens to take part in this joint effort and achieve prosperity, either by acting as an intermediary for small and medium-sized enterprises in our Motherland and the Portuguese-speaking and other countries, or by becoming a business partner or strategic alliance partner of other countries and regions. Using the experiences and lessons learnt by those local entrepreneurs who have already "reached out", the Government will reinforce the provision of information, risk evaluation and human resources training.

The ultimate goal of regional cooperation is mutual progress and I think "win-win" is overused popular jargon. "benefits for all the parties involved" says the same thing. Why not leave it at that?] benefits for all the parties involved. We should therefore ensure that we both enjoy all the fruits of cooperation as well as contribute our best

efforts to the integration of the entire region. While we expect most local industries to benefit from the process, some others may face certain challenges. We believe the affected industries and individual citizens will respond to these challenges through constant self-improvement, for the sake of the collective interest. The Government will give them every necessary support in doing so. Moreover, the emergence of new situations and technology may also weaken our traditional function as an intermediary. We must therefore fully realise the potential of our human resources, and constantly strengthen them. They are our irreplaceable advantages and the means by which we will achieve and enjoy other benefits, as well as maintain Macao's role as a service platform in the longer term.

4. Preparing for educational reforms and promoting human development

As Macao advances along the road of revival, the importance of human development is gaining weight. As the present situation shows, our human infrastructure does not match up with the demands of our overall social development. Our local qualities do not currently meet the requirements of external cooperation, and our ethics are not yet up to the standards needed in today's complex world. Education is the only way we can attain those standards. It is the only solution, and it is the fundamental foothold that we cannot afford to miss.

Education determines the quality of an individual, the quality of a society, and the quality of a government. Whether something is done correctly or wrongly, whether we succeed or fail, depends on the quality of the individual people involved, and hence on their education. Whatever the task may be, no matter how well intentioned it is or how clear the directions are, whether it can be achieved smoothly or not will be decided by the abilities of the people who carry it out. These abilities are nurtured by education. When the quality of the people is high, good things can be made even better; when the quality of people is low, even good things can turn out badly.

Macao's traditional educational framework has a number of advantages. They include the educational system itself, and its mode of self-development. These have passed the tests of time. In recent years, many educational institutes have met the challenges of the present day by gradually updating their values, modifying their educational models, repositioning themselves and seeking constant improvement, thus forming an irreversible trend of educational reform. In view of this trend, the Government believes that now is the right time to start reviewing and modifying the entire educational system, in order to support Macao's future development and advance our

society for the benefit of the coming generations.

Our vision of educational reform is to promote the upgrading of its overall quality by adding fresh elements to enhance Macao's tradition of privately run educational institutes. In both tertiary and non-tertiary education, we must ensure that each and every element of the system, including the students, parents, school administration, quality of teachers, student recruitment, school admission, curricula, teaching, examinations, graduation and further studies, facilitate our ultimate goal of enriching the knowledge of students as well as their human qualities. We will increase the competence of parents and students to choose schools, and we will increase the competitiveness of schools. We will raise the admission requirements for tertiary institutions, to recruit students of a higher calibre. We will hire good-quality teachers who possess all the necessary academic qualifications as well as real knowledge. We will develop adaptable and lively educational models to give free rein to the intellectual power of students. We will promote the provision of computer education facilities, as well as the development of IT education. We will introduce and promote reading throughout the curriculum, to cultivate a life-long reading habit and interest among students. We will advance the localisation of course content, from kindergartens to universities.

Our tertiary institutions will strive to meet the highest international standards, while simultaneously enhancing their provision of the kind of teaching and research that are required by our society. Moreover, we should further propagate popular science, to help students adopt a practical learning attitude, as well as develop the power of their creativity and imagination. By these means, we will aim to implant the spirit of science deep within our educational system, in order to influence and increase the quality of our people.

We will adopt measures to relieve parents of the financial burdens related to the education of their children, and help students with difficulties to continue their studies; especially those in single-parent families who face such problems. Our objectives will be to safeguard the right and opportunity of local students to receive an education, and to allow more young people with good potential to break through the constraints in their lives to further their studies. At the same time, we must investigate the factors that prevent students from concentrating on their studies, that cause them to lose interest in academic pursuits, and that reduce the quality of their studies, and we must come up with effective solutions for these issues. We will also combine and integrate professional studies with lifelong education, making Macao a city where people never

stop learning, and where the quality of education never stops rising.

Kind-heartedness, a high degree of diversification, strong acceptance and mutual integration are among our most valuable human traditions. They are also the central attractions of our society. These qualities have enabled Macao to retain a reputation in China and elsewhere in Asia for its uniquely warm and caring atmosphere, which has attracted people to live here for generations, and which still attracts a limitless flow of visitors. We will keep these traditions alive and promote them further. The most logical way to achieve this is through education. Moreover, from nursery school to university education, and from elementary to lifelong education, we will maintain the same consistent and unremitting effort. Only when this tradition becomes an integral part of our society can we effectively tackle the various social problems that affect young people and adults, and gain sufficient resilience to defend ourselves against the adverse impact of any social problem, overcome the difficulties that may arise on the road of social development, and safeguard the achievements of such development.

Concerning the problems of youth, we believe Macao has many young people with good potential, but some of them may not be able to fully realise that potential, due to various social factors. As a result, a small number of young people have their youth marred. We should encourage young people to develop healthy interests and hobbies, and turn their interests into scientific and professional strengths. The problems of youth emanate mainly from young people themselves; but they are also partly caused by adults. We must try to fulfil our responsibilities towards the young by advocating family-school cooperation, promoting parent-child relationships and organising cultural, recreational and sports activities.

However, ensuring the younger generation contributes to society in the future, that it passes on our traditions and builds its own achievements, requires the efforts of adults today to provide young people with more opportunities to express and develop themselves. We must never decide by ourselves what young people need, and we must never replace their needs with our own. To get along with young people, we must give them guidance instead of orders, we should console them rather than suppress their wishes, and we should care for them more and more, and never give up on them. As an open, humane society, all of these are simply aspects of our natural responsibilities, and aspects of the Government's duties.

Macao is a city rich in classical traditions and refined culture. It is also a modern, dynamic city that is an ideal tourist destination. This dual character enriches Macao's

culture both spiritually and materially, and both in practical terms and ideals. It makes us simultaneously a united society, yet one that is open to the world. Macao's cultural sector is close to the public and our everyday lives. The Government's work in this area should fully complement and reflect this close relationship.

To broaden the field of vision and the interest in culture within the community, we should promote people's participation in various cultural activities, by using different channels to spread knowledge and enhance people's cultural awareness and ability to appreciate culture. In this way, the public's tastes can directly inspire our cultural workers and help to enhance their creative abilities. In the area of formal education, we should gradually institutionalise the transfer of cultural and artistic knowledge, in order to produce more talent to sustain the development of our cultural heritage. In the course of the development of art for the masses, the interests of smaller artistic circles within the community constitute a fundamental cohesive force as well as a major feature of Macao's artistic scene. They help to make it both highly refined and diversified. Therefore, art possesses a cultural power that must never be underestimated.

We should promote interaction and the mutual exchange of ideas between groups that promote art for the masses and smaller artistic circles, and we should fully understand the needs of cultural and artistic organisations within the community, and offer them the degree of support they deserve. We should listen to the valuable ideas of cultural and art workers about Macao's cultural development, and expand the space for art lovers to develop their interests, so that art becomes a part of the integral fabric of our society.

As Macao opens itself up to the world in all respects, the opening up of our cultural scene is a very important part of the process. We should let international art, cultural and sports activities of all kinds, themes and styles blossom in Macao, and allow them to have a long-lasting influence on the local cultural scene. We should introduce overseas teachers and scholars of international renown to Macao, as well as introduce outstanding achievements in the studies of Macao's history and culture to the people of Macao. By these means, we can increase the excellence of our local cultural workers, and narrow the distance between the quality of their work and the highest professional standards, as well as between the levels of local artists and the loftiest international criteria.

We should also pay attention to the imbalance between the development of different

cultural areas. The disciplines of philosophy, literature, history, archaeology, artistic theory and cultural and art criticism deserve greater encouragement. In Macao, just like any other place, if you want to achieve a high overall standard in the development of culture, you must first build a strong academic foundation.

The 4th East Asian Games are just around the corner. They will provide valuable support and opportunities for the all-round development of popular sports in Macao. We should fully exploit this opportunity to construct the software needed to complement the hardware that is gradually being built. In this way, the East Asian Games will not only be an opportunity to raise the athletic standards of Macao and increase the public's participation in sports; they will also be a starting point for raising the overall quality of our community and enhancing its unity in the longer term.

As both a cultural and tourist city, Macao's city planning and infrastructure projects should not only be concerned about economic development, the development of individual neighbourhoods and the development of the transportation system. We should also emphasise the overall harmony of our cityscape; so that our historical memories coexist happily with modern landmarks, the man-made landscape complements the natural landscape, and economic and cultural life complement one another. Then Macao will become one big family that is even more valued and loved by its members, as well as a pleasant place where visitors feel at home and reluctant to leave.

Part III Maintaining continuous development in a coordinated manner

The strong spirit of unity between the citizens and MSAR Government and their collective hard work have built a good foundation for Macao's future progress. The care and support given by our Motherland have also increased the dynamism of the Macao's development. As we implement various administrative measures and begin to see the effects of CEPA, there are many new opportunities waiting for Macao. We can expect this progressive trend to continue, and the pace of development to become ever more energetic.

However, the arrival of opportunities does not mean that everybody will automatically benefit from them. Even if they do, the degree of benefit they experience will vary. Also, opportunities are time sensitive. There is a risk we may miss out on some of them, and they may never return. So, when opportunities arise, we must never hesitate, lower our guard or take them for granted. We should remain vigilant, for if we fail to take the initiative in grasping opportunities, they might well disappear in an instant. A missed opportunity may sometimes even turn into a handicap that we had not anticipated. In fact, both challenges and dangers appear constantly during the course of development; and we should not and cannot afford to rely on luck to safeguard our administration. We should constantly increase our competitiveness, adopt a holistic approach, and continuously improve ourselves; for this is the only way we can embrace opportunities and overcome obstacles.

The key to continuous self-improvement is the updating of ideas. We must not try to stick to old ways or be pessimistic. Just because we may lack advantages now does not mean that we will never have them in the future. It will definitely help if we build our self-confidence and face up to challenges, rather than doing nothing and being fatalistic. We should never feel helpless in the face of a crisis. On the contrary, we should stop being passive and become aggressive, and try our best to equip ourselves and adjust our strategies in a timely way. We should avoid being selfish and we should develop a team spirit instead, so that we can meet the needs of the present age. As the markets open more and more widely and competition increases, the importance of a spirit of unity and cooperation gains extra weight. As regards the operation of the Government, besides closer cooperation within the organisational structure, we should make more efforts to promote various forms of external cooperation. Cross-border regional interaction and economic integration should also be major considerations of every Government department.

Innovation is the driving force behind social development. It is the major demonstration of a society's capacity to improve itself. We should promote the streamlining of our systems in a creative manner, and advance large-scale economic and cultural development. We should show creativity by continuously improving the quality of our everyday work. Whether or not a person can achieve something extraordinary in his or her everyday work is the way to tell the difference between high and low capability. When we realise that certain areas of our administration do not fully complement social development, we often find it hard to modify our allocation of resources and our established systems to remedy the situation. Yet, it does not mean that we cannot do anything. The human factor is always crucial. Because we have creative minds, we can always discover new potential within our existing resources, strengthen and improve our management, break through existing constraints and improve the quality of our public administration and services.

To make constant improvement, we must ceaselessly refine our existing systems and mechanisms, and remain sensitive and responsive to change. Both internal and external factors have big effects on Macao, because ours is an open society. Therefore, we must closely monitor both external and internal situations and developments, in order to enhance our responsiveness to them. It will help us to respond to changes in a timely, accurate and effective manner if we have a development plan that matches Macao's actual conditions and has a degree of flexibility, and if we establish new systems and mechanisms while improving existing ones. This will also help to ensure we can proceed with administrative plans in an orderly way, even when we are handling crises. Meanwhile, we should heed the voices of our citizens and understand their real problems, in order to justify our planning and responses to change. Government officials at all levels must build close links with the community and listen to its opinions in a sincere, humble and careful way, so that we can holistically integrate the real concerns of citizens with scientifically proven arguments, and consequently formulate logical, justified and rational policies.

It should be emphasised here that by "constant improvement" I do not mean emphasising only the speed of development. We have achieved a relatively greater velocity in our economic development during the past year or two; and this has been particularly significant in the growth of Macao's economy and the building of good foundations for future development. However, besides the speed of growth, we should also place a big emphasis on its quality. In other words, we must maintain adequate growth while simultaneously avoiding the instability that arises as the result of rapid economic growth and subsequent decline. Moreover, we must ensure that we

maintain a rational and stable balance between our economic growth and its economic and social costs, so that our development yields optimal advantages for the community. We have also learnt that growth is the prerequisite and foundation of development. Yet growth by itself does not constitute development. If we want to achieve economic development, we must try to make breakthroughs in streamlining our economic structures, implementing innovative systems, and improving both the quality of life of the people and the quality of the environment. To benefit the community as a whole, we should also do our best in the wider arena, paying attention to human development indicators (HDI) and developing the rule of law. We must encourage economic development and ensure that it complements social development before we can guarantee social stability and sustained development.

As we gradually make improvements, we must pay great attention and adopt a correct attitude to the relationships between stability and development. Our four-year experience of self-development shows us that stability is the basis for the sustained development of Macao's society. Without a stable society and cooperation between the citizens and Government, Macao's development will be meaningless. At the same time, we fully realise that maintaining stability without trying to seek improvement will make it difficult for us to face up to new challenges and opportunities. This kind of lopsided approach does not correspond to the laws of development, and it cannot answer the people's demands for progress. In fact, necessary innovations help to promote the metabolism of society. They lay the foundations for long-term social peace and stability. Therefore, while safeguarding Macao's stability and promoting and developing all its good traditions, we should simultaneously support and promote the coordinated development of all the various factors required for the health of society, in line with a clear and long-term vision.

Madam President, Members of the Legislative Assembly,

In the past year, the overall economy maintained an upward trend, and our citizens gained greater confidence. However, there were still disparities in the development of different industries. Some small and medium-sized enterprises (SMEs) experienced little improvement in their business operations, and some people still bear heavy burdens in terms of their livelihoods. The Government is greatly concerned about this situation, and we will continue to provide care and support to SMEs and citizens who need help. We expect that, as more favourable internal and external factors gradually appear, the business and employment environment will further improve.

To enable SMEs and individual citizens to make continuous improvements, take the initiative to increase their competitiveness, grasp development opportunities in a timely way, and strive for mutual advancement, the Government will implement the following measures during the coming year:

Short-term measures to reduce or waive taxes:

- Continue to cut personal income tax for all employed citizens by 25 percent;
- Continue to waive all business taxes;
- Continue to cut real-estate tax for industrial, commercial and residential units by 500 patacas, and waive real-estate tax of less than 500 patacas;
- Continue to waive signboard taxes on all types of businesses;
- Continue to waive all tourism taxes on Chinese and western restaurants; and
- Waive all hawker licence fees.

Implementation of the above tax cuts and waivers will reduce the MSAR Government's total revenue from taxes by 230 million patacas.

To support SMEs:

- Continue to implement the “credit guarantee plan for small and medium-sized enterprises”, the “topical credit guarantee plan for SMEs” and the “loan plan for the business improvement of SMEs”; and
- Further refine and accelerate implementation of the business start-up financing plan, which aims to encourage individuals – especially young people – to start their own businesses.

Short-term measures to optimise human resources and promote employment:

- Concerning the modification of cultural education courses in the area of further studies, the Government has decided to continue providing these for the unemployed in a different and more effective way, following a review of their effectiveness and in-depth consideration of comments received from all sectors of society. Unemployed citizens who enrol in these courses will be helped to strengthen their ability to work through appropriate skills training. They will receive an appropriate personal living allowance. In addition, the Social Welfare Institute will continue to provide necessary assistance to unemployed families with special difficulties;
- To improve the community's environment and implement the policy of “Yes to jobs, no to charity”, the Government will create new job opportunities in social services, with the support of community organisations; and

- In accordance with the needs of the 4th East Asian Games and overall social development, the Government will, in the coming year, advance a number of large-scale infrastructure projects through public investment, so as to ensure stability of employment.

Short-term measures to enhance social assistance:

- Allocate an additional 20 million patacas to provide special assistance to three types of underprivileged families, namely those with single parents, handicapped members, or members who suffer from chronic disease; and
- Allocate an additional budget of 10 million patacas to maintain our programme to provide stationery for poor students.

Conclusion

Madam President, Members of the Legislative Assembly:

At present, Macao is forging ahead on the road of revitalisation. Economic liberalisation and administrative reforms have become hallmarks of both our present era, as well as irreversible social trends within the Macao SAR. Openness to new ideas and a spirit of reform have become the common aspirations of the MSAR Government and our citizens in our close cooperation and joint development. We must advance the liberalisation of our economy and administrative reforms with determined and healthy strides. We should never allow ourselves to backslide or deviate from the course that we have set ourselves; and we should ensure that both the methods and speed of our development are favourable to Macao's overall interests, and that they align well with our history, as well as our political and economic environment. To this end, the Government must learn to listen to the current thoughts of our citizens, improve the quality of our administration, adopt a far-sighted vision in our present work, and ensure our efforts are in keeping with our lofty mission. We must report substantial and welcome achievements to the entire Macao community.

It is true there are imbalances between different developments in our society, so the question to be asked is how great those imbalances are. Today, many people in Macao still face various difficulties in their lives. Even though our society will become richer and richer, a number of people will still require our help. Therefore, it is a never-ending task for the Government to rescue people from their difficulties, enable them to stand on their own two feet again, regain their dignity and contribute to society once more. Civil servants at every level should be respectful and friendly when dealing with our citizens, and they should be sympathetic towards our citizens' needs. We will only be able to unleash an unlimited amount of energy, carry out our duties thoroughly and achieve the best-possible results if we become close to our citizens..

In the past four years, Macao has passed through a number of trials, during the financial crises, economic modifications, the September 11 incident, and the outbreak of SARS. We have strengthened our immunity against crises and we have become more adaptable to face future challenges. We have learnt the value of strong determination and patience in times of difficulty. We have become aware of the power of unity during emergencies, and the importance of increasing our quality by reflecting on the prices we have paid. We have also learnt the fundamental truth that a

holistic approach is needed as we regain our strength. Looking to the future, we will be able to face up to whatever challenges arise if we can avoid wishful thinking or impractical ideas, be practical and build good foundations in all respects, and finish each individual daily task with devoted effort. In this way, our future prosperity will not be just a vision: it will be a guaranteed reality that we can grasp in our own hands.

As Macao proceeds along the road of development, we specially emphasise the value and importance of sharing both success and failure. In the course of development, traditional values and modern ideas will clash with each other as well as become integrated with each other. Different sectors and entities will compete against each other and even eliminate each other. The challenges we face and their impact on us will become even more complicated and serious, due to the various imbalances that exist in society, as well as other variables that are difficult to predict. In this process, some people will succeed and other people will fail; some will find the road smooth and some will find it full of obstacles; some will be able to overtake and attain their goals faster than others who actually set out earlier.

It is therefore necessary for us to share our successes and our failures, not only because our development depends on a peaceful and stable society, but also because our efforts arise from a spirit of unity and cooperation. This is also the necessary precondition for co-existence and shared prosperity between Macao and the Motherland, between the Government and society, between individuals and society, and also among individuals themselves. This precondition will enable the Government and citizens to march in step; it will enable our civil servants to become a service team with a high degree of insight; it will also enable individuals to join hands and share one another's concerns.

As a result, we will share our lives together in a society where everybody stands shoulder to shoulder in their desire to benefit mankind, and where everybody values love and righteousness, shares both prosperity and hardships, and both makes a fair contribution and receives their just rewards from society. It will never become a society in which everybody is preoccupied with personal gains and losses, and people harm the interests of others for the sake of their own, or are filled with indifference and envy, and delight in the misfortunes of others. We strongly believe that if the people of Macao share both success and failure, they will be able to continuously develop their potential and improve themselves as they learn more and more through the help and sympathy they give to others who are facing difficulties, and as they gain encouragement and inspiration from the successes of others. I believe there will never

be any sarcasm, mockery or exclusion in our society. Hence, we also believe that the people of Macao not only share a common history, but also a common present and future. We will explore the future and overcome difficulties, hand-in-hand and with one accord. We will taste both the bitter and the sweet together with a caring heart. We will adopt a holistic approach, never be afraid of challenges, never look back, create our own destiny, and achieve success as we head towards a bright future together.

Since the establishment of the Macao SAR, the central government has never stopped giving care and support to Macao. In the past year, the prevention and treatment of SARS, the implementation of the “facilitated individual travel (FIT)” policy, the launch of the Forum for Economic and Trade Co-operation Between China and Portuguese-speaking Countries (Macao), and the signing of CEPA all demonstrate that, whenever Macao faced critical challenges, the central government always gave us its timely and strong support. This has a significant influence on our ability to overcome short-term difficulties and build a foundation for long-term development. I would like to take this opportunity to extend my heartfelt thanks to the central government on behalf of the Macao SAR.

Before finishing my report, let me express my respect for the Legislative Assembly and its efforts. The Legislative Assembly is the legislative organ of the Macao SAR. It also undertakes the necessary task of monitoring and supporting the work of the Government, and driving the constant improvement of the MSAR Government’s administration. Let me take this opportunity to extend my heartfelt thanks to it once again.

Macao’s fundamental progress and development depend upon the hard work and wisdom of its more than 400,000 people. Their responsibility and contributions in every professional area constitute Macao’s present success and its hopes for the future. They also constitute the all-round and profound foundation for the Government’s administration. So, naturally, I also wish to extend my sincere and boundless thanks to all the citizens of Macao.

This is the end of my policy address. Madam President and Members of the Legislative Assembly, I thank you all.