

Policy Address for the Fiscal Year 2016 of the Macao Special Administrative Region (MSAR) of the People's Republic of China

Contents

Preface.....	3
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Major Policies of the Government in 2016

Boosting the economy, focusing on livelihoods, and ensuring stable development.....	5
1. Continue to improve quality of life.....	5
(1) Facilitating welfare and livelihood projects.....	5
(2) Expediting formulation of the social security system.....	8
(3) Homes for all in a contented society.....	9
(4) Improving Macao people's health.....	11
(5) Promoting education and cultivating talents.....	12
2. Promoting adequate economic diversification.....	13
(1) Attaching importance to healthy growth of the gaming industry...	14
(2) Strengthening the development of a world tourism city.....	15
(3) Fostering nascent industries and supporting small and medium-sized enterprises.....	15
(4) Protecting the rights of local employees.....	16
(5) Proactively deepening regional cooperation.....	17
3. Building a liveable city.....	18
(1) Improving the urban environment.....	19
(2) Strengthening social bonds.....	21
4. Deepening public administration reform.....	22

Concluding Remarks.....25

Appendix I Legal Proposals of the MSAR Government in 2016

Appendix II Timetable of Major Tasks in Different Domains in 2016

Policy Address for the Fiscal Year 2016

**Boosting the economy, focusing on livelihoods, and ensuring stable
development**

Preface

President, members of the Legislative Assembly

In accordance with the Basic Law of Macao, and on behalf of the Macao SAR Government, I now present to the Legislative Assembly the Policy Address for the Fiscal Year 2016 for its debate and examination.

2015 was the first year of the fourth-term Government. In response to a series of challenges arising from changing internal and external circumstances, we strictly observed the stipulations of the Basic Law of Macao and worked hand in hand with all citizens to maintain the core value of our love for the country and for Macao, with the institutional advantages of “One country, two systems” and solid support of the Central People’s Government. We faced our challenges head on and maintained socio-economic stability. As we strengthened our risk-handling capability, we also optimised public finance management and continued to implement various measures related to people’s livelihoods.

After continuous rapid growth over the past decade, the gaming industry has entered an adjustment period, with falling revenues. During Macao’s high-speed growth, the Government upheld the principle of fiscal balance by spending within its means and established a financial reserve system on the basis of financial surplus. At present, the Government maintains its principle of pursuing economic development and people’s well being by fostering regional cooperation, promoting adequate economic diversification and commencing the establishment of “One Centre, One Platform”.

Overall, Macao's economy remains strong. Its public financial situation is solid, with a budget surplus. Various large-scale projects are being implemented on schedule. We have a low unemployment rate, and inflation is slightly decreasing. We have fully confidence in Macao’s long-term economic development.

The Government adheres to a steady fiscal and financial policy. At the end of September 2015, Macao's basic reserve totalled 131.88 billion patacas, while the surplus reserve totalled 211.381 billion patacas. For the fiscal year 2014, the budget surplus totalled 90.296 billion patacas. Upon settlement of the budget of fiscal year 2014, the total surplus reserve will reach 301.677 billion patacas, which means a total reserve of 433.557 billion patacas, and foreign reserves of 145.343 billion patacas.

Recently, we have established the Committee for the Establishment of a World Tourism and Leisure Centre, which is headed by the Chief Executive. We are currently formulating the MSAR’s five-year development plan (2016-2020), and a summary of the plan will be announced in this Policy Address. We hope to extensively listen to opinions from all walks of life, and work together to develop our vision for the future development of the MSAR.

This year, the MSAR organised events for the 70th Anniversary of Victory in the Chinese People’s War of Resistance against Japanese Aggression and the World Antifascist War, with a view to commemorating history and martyrs, and reminding everyone to treasure peace and strive for China's national rejuvenation.

In response to a MSAR Government request, the Central People's Government has decided to specify the MSAR's jurisdiction over its customary waters. We shall work closely with the relevant departments of the Central People's Government to improve related laws and regulations, and to deploy the required manpower and equipment.

In the coming year, the Government will spare no efforts in implementing the administrative principles of "Putting people first" and "Scientific decision-making". Priority will be given to livelihood-related issues through expediting the establishment of long-term mechanisms for housing, social security, education, healthcare and cultivation of talents.

The Government will achieve its policy objective of rationalising administrative structure by gradually fine-tuning and restructuring the public administration system. We will improve our capabilities to rule by law and strengthen anti-corruption measures. We require all government officials to take the public's pulse and serve the public interest with a pragmatic and innovative mindset, to continuously improve policies and measures, thereby laying a more solid foundation for Macao's development in the coming five years.

Major Policies of the Government in 2016

President, members of the Legislative Assembly,

The following is an overview of the Government's policy plan for 2016:

1. Continue to improve quality of life

While the Government continues to promote adequate economic diversification, it will also step up its efforts in implementing various livelihood-related policy measures.

(1) Facilitating welfare and livelihood projects

Each measure introduced by the Government for the benefit of the public is a vital component of the long-term mechanism for people's well-being, a positive indication of concerted efforts for economic development, and sharing the results of this development. Focusing on system establishment, resource allocation and project optimisation, the Government will capitalise on a combination of short term and long term measures to improve people's well-being. Implementation of the following measures will continue next year:

After assessing the financial position this year, the Government will continue the Wealth Partaking Scheme, and offer 9,000 patacas to each permanent resident and 5,400 patacas for non-permanent residents next year.

Pursuant to the law on Provident Fund Personal Accounts, the personal account of every eligible permanent resident of the MSAR received a 10,000-pataca initiation allowance from the Government. We also propose that an extra sum of

7,000 patacas from the fiscal surplus will be injected into the provident fund account of every eligible permanent resident of the MSAR next year.

To enhance support for the elderly and the underprivileged, pensions have been increased to 3,350 patacas. We propose to increase the Old Age Allowance from 7,500 patacas to 8,000 patacas next year.

According to the relevant assessment mechanism, the Minimum Subsistence Index will be increased from 3,920 patacas to 4,050 patacas in January next year.

We propose to disburse an extra one month's full subsidy to families registered with the Social Welfare Bureau; continue to provide special subsidies and special living allowances to the three categories of disadvantaged families; turn the Short-term Food Assistance Programme into a regular service and increase the daily food aid budget from 38 patacas to 40 patacas, to strengthen support for low income earners.

Caring for and helping people with disabilities are the responsibility of both the Government and society. The Government strives to improve the quality of life of people with disabilities. It is proposed that in the coming year, the ordinary disability gratuity shall be increased from 7,500 patacas to 8,000 patacas, while the special disability gratuity shall be increased from 15,000 patacas to 16,000 patacas. Also, the Government will continue to provide the temporary disability allowance, and consider turning it into a long-term measure. To promote employment of people with disabilities, the Government proposes that tax concessions shall be given to enterprises employing people with disabilities in the coming year, by giving these enterprises an additional taxable income reduction of 72,000 patacas per year for each employee with a disability. The Government will also consider implementing an income subsidy scheme for eligible employees with disabilities. Next year will see the start of implementation of the Ten-year Development Plan for Rehabilitation Services 2016-2025. The Government will initiate cross-departmental cooperation and follow-up on progress with implementation.

A priority-based rent waiver and reduction scheme for public housing tenants will be implemented. Temporary housing subsidies will be provided to eligible families on the waiting list for public housing.

In addition to industries falling under the minimum wage scheme, subsidies for low income employees, which have been increased to 5,000 patacas, will continue to be disbursed to provide assistance for full-time low income employees. The Government will continue implementing the Positive Life Programme and the Community Employment Assistance Scheme, and promote job referrals and visits to enhance self-reliance of the underprivileged.

To care for students from families with financial difficulties, it is proposed that the Meal Allowance and the Stationery Allowance be increased from 3,200 patacas to 3,400 patacas, and from 2,100 patacas and 2,700 patacas to 2,200 patacas and 2,900 patacas, respectively.

The Government will continue with the Textbook Allowance Scheme. The allowances for each secondary school student, primary school student and kindergarten pupil will remain at 3,000 patacas, 2,600 patacas and 2,000 patacas, respectively.

We will continue providing a Stationery Allowance of 3,000 patacas to each Macao student pursuing tertiary education or postgraduate studies.

The Government will continue implementing the three-year Continuing Education Programme, conduct a comprehensive assessment of the programme's effectiveness, and step up its efforts in providing subsidies for citizens to obtain professional licences or take part in examinations for professional qualifications.

We will continue to provide a healthcare voucher of 600 patacas to each permanent resident of Macao, and continue offering an electricity bill subsidy of 200 patacas for residential units.

The above-mentioned subsidies, allowances and wealth sharing will cost the Government 11.707 billion patacas.

In the coming year, the Government will continue to implement the following tax cuts and waivers: an increase in profit tax allowance to 600,000 patacas; waivers of all business taxes, hawker licence fees, wet market stall rents, inspection and quarantine fees for live food, stamp duty on life or non-life insurance, and bank service charges; waivers of signboard taxes for businesses; exemption from tourism tax for restaurants; waiver of the first 3,500 patacas of real estate tax for Macao residents; waivers of stamp duty on entrance passes and tickets for cultural and arts performances, exhibitions and entertainment programmes; and waiver of real estate stamp duty on the first three million patacas of a home's value for Macao permanent residents purchasing a residential property for the first time.

The Government will continue to implement the 30 percent exemption in personal income tax applicable to all Macao residents, with the basic allowance set at 144,000 patacas. We will also continue the implementation of a 60 percent rebate of personal income tax payable by each Macao resident for the current year, subject to a ceiling of 12,000 patacas. The tax rebates will be disbursed in 2017, to relieve the burdens on the middle-income group.

The implementation of the aforementioned tax cuts, waivers and rebates is expected to reduce Government tax revenue by 2.428 billion patacas.

(2) Expediting formulation of the social security system

The social security system includes three aspects: the Social Security Fund, social support and social welfare. The Government will expedite formulation of the long-term mechanism for social security by providing comprehensive support and multi-level coverage.

Regarding the Social Security Fund, the Government will actively promote the establishment of a double-tier social security system.

The legislative procedures and drafting of auxiliary by-laws for the non-mandatory central provident fund system will commence next year.

As promised, the Government is committed to injecting a total of 37 billion patacas into the Social Security Fund from 2013 to 2016, in order to ensure the future sustainability of social security. We also actively and carefully arranged for

resources allocation to support the increases in several welfare items and allowances over the past few years. Next year, the Government will strive to properly coordinate increases of contributions to the Social Security Fund and aim to complete the task as soon as practicable.

Regarding social support, the Government will spare no effort in promoting specific support measures, enhancing capabilities for cross-departmental coordination and strengthening the provision of basic support.

The elderly are an important asset for society. It is a traditional Chinese virtue and the responsibility of families, the Government and society to take care of the elderly, with safety, health and dignity ensured. In the coming year, the Legal System for Protection of Rights of the Elderly will enter its legislative procedures. Implementation of the ten-year action plan for the provision of services for the elderly for 2016-2025 will begin. Also, an interdepartmental study group on Macao's retirement protection mechanism will be established, to enhance synergy. The Government will promote home care for the elderly by facilitating the related training and establishing a support network for them. More services for the elderly will be provided, to boost the support elderly people receive from their families and the community.

Regarding social services, the Government will maintain closer cooperation with non-governmental organisations. We have introduced a new subsidy scheme, and expanded the scope of services with a newly established family crisis support services network.

The Government is highly concerned regarding the increasing demand for child care services in recent years, and will strive to increase child care quotas in several ways. Next year, the total quota is expected to increase to more than 10,000, which will meet about 90 percent of the child care demand for toddlers under two years old.

The Family Policy Framework Law will be comprehensively reviewed, in order to promote family-friendly policies. The Government will unite the whole community to realise family and social harmony.

We will expedite improvement of social service facilities. By the end of next year, 18 social service facilities are expected to commence operations, involving a total budget of about 280 million patacas. We plan to reserve land in the new urban reclamation area for establishing social facilities. The Government will continue to enhance staff training, and aims to commence legislative procedures for Professional Accreditation and Licensing for Social Workers next year.

(3) Homes for all in a contented society

The Government allocates public resources in a reasonable manner and expedites construction of public housing units to maintain a balance between public housing and private housing markets, with a view to realising its policy objective of "Homes for all in a contented society".

In the coming year, the Government will begin the formulation of overall urban planning to identify the characteristics, scale and direction of urban development. The Urban Renewal Committee will soon be established, to consider promoting old district redevelopment with an urban renewal concept, to gradually improve

the urban landscape by expanding the redevelopment plan from selected spots or areas to the whole city.

The Government will continue improving supervision of public housing construction, and the allocation and management of public housing. In accordance with the newly amended Public Housing Law, the Government has adopted the "ballot drawn before assessment" mechanism to allocate Home Ownership Scheme housing units after conducting substantive examinations. Also, the consultation for the amendment of Legal System of Public Housing has been completed. The feasibility study on new public housing categories will be concluded by the end of this year, and will serve as the basis for Government decision making.

The Government attempts to increase land reserves for public housing, including land lots in the new urban reclamation zone, Ilha Verde, Fai Chi Kei, Northern District and Taipa. Planning for the five areas of reserved land where over 4,000 public housing units can be built is in progress.

The Government attaches great importance to citizens' concerns and aspirations regarding public housing policy, and spares no effort in sourcing land for public housing. In addition to the 22 areas with land grants that have been invalidated, another batch of cases is currently being examined. Idle land that is expropriated in future will be prioritised for construction of public housing units.

Facing a possible delay in the reclamation work for the new Urban Zone Area A due to sand supply and issues related to Hong Kong-Zhuhai-Macao Bridge, the Government will strive to overcome the difficulties and make reasonable plans for various public facilities. The new Urban Zone Area A is expected to support about 28,000 public housing units.

The Government is highly concerned about supply and demand in the real estate market. It will expedite building plan approvals for private residential developments, and adopt timely and effective measures to maintain healthy development of the real estate market.

(4) Improving Macao people's health

We will uphold the principle of "Improve medical services and prioritise prevention" and expedite implementation of the Plan for Improvement of the Medical and HealthCare System. We have gradually commenced construction of the Islands District Medical Complex. The newly constructed or expanded Carmo Health Centre, Coloane Public Health Clinical Centre and Coloane Health Station were completed or commenced operations this year.

We have introduced the concept of active ageing, advocated by the World Health Organization, to maximise health, participation and security, with a view to continuously improving the quality of life of Macao people. The Government will introduce elderly health care services at health centres and strengthen cooperation with non-profit medical services institutions to increase the provision of medical services. The opening hours of public hospitals and health centres will be extended as appropriate, and more information on medical services will be provided. The Government will emphasise prevention of chronic diseases and commence the territory-wide health survey pilot scheme. The amendment

bill on the Prevention and Control of Smoking Law has been submitted to the Legislative Assembly for deliberation.

We will increase investment of resources in training of general medical practitioners and medical specialists, consider implementing a continuous professional development system for medical professionals, and improve the protection system for frontline medical professionals. The Government will continue optimising scientific governance and facilitate continuous improvement of the medical industry.

Following the establishment of the World Health Organization Traditional Medicine Centre this year, the Government is facilitating the incorporation of traditional medicine into the primary healthcare service system, to raise the quality and safety of traditional medicine.

We will further popularise sports and expand the venues for sports activities. The focus will be on encouraging children and teenagers to take part in physical training. Sports associations are encouraged to build talent pools, to facilitate the continuous development of competitive sports.

(5) Promoting education and cultivating talents

The Government upholds the principles of “Letting Macao thrive through education” and “Building Macao with talent” and improves the relevant systems and planning by increasing investment of resources to raise the overall competence and competitiveness of Macao people.

Upon completion of the interim review of the Ten-year Development Plan for Non-tertiary Education (2011-2020) next year, the Government will be committed to raising the level and efficacy of education investment. Special education and vocational and technical training will be improved. Curriculum reforms will be effectively implemented. The Government will also strengthen teacher training and optimise continuous education.

School environments are important indicators of the level of education. Schools operating on podiums no longer meet the requirements of modern education, and are unfavourable to the development of students. The Government formulates short-term, mid-term and long-term plans to prioritise education resources to address the problems of these schools, and to gradually reduce the number of them in future.

Regarding tertiary education, the amended bill on the Tertiary Education System has passed its first reading at the Legislative Assembly. We will facilitate legislation relating to the tertiary education foundation and tertiary education regulations. A pilot scheme for the assessment of new education programmes will be initiated, to lay a solid foundation for implementing the assessment system for tertiary institutions and further promote the integration of higher education, teaching and learning, and scientific research.

Young people are the hope of society. We shall create favourable conditions for their growth, development and success, to cultivate younger generations with perseverance, a sense of responsibility and competitiveness. The Government will continue implementing various measures and plans under the Macao Youth Policy (2012-2020). Adding to various community organisations' existing

initiatives for cultivating young people, the Government has launched the Thousand Talents Programme, to annually choose 1,000 people for study visits to mainland China.

The Government puts increasing efforts to enhance popular science education, cultivate scientific researchers and promote continuous development of science and technology. The Programme for Cultivating Gifted Young Scientists will commence, to develop students' innovative mindsets and abilities.

Talented people are key to social development. Enhancement of talent cultivation, supply and deployment is closely related to Macao's future. The Government has established cooperation with several premier local and overseas institutions, and has signed a cooperation agreement with the United Nations Educational, Scientific and Cultural Organisation (UNESCO) to create favourable conditions for outstanding students to study and undertake internships abroad.

The Government will step up its efforts to cultivate bilingual talents in Chinese and Portuguese, coordinate regular cooperation among institutions of China and Portugal, and consider providing project-based subsidies for talent training and education and research cooperation, with a view to developing Macao into a cradle for people who are fluent in Chinese and Portuguese.

To understand the demand for talents of different fields in Macao, based on the economic situation, the Government will conduct a survey on the demand for talents in different industries and at different ranks at present and in the coming three to six years. This is to explore the actual discrepancies between the supply and demand of talents, and to study the upward mobility of Macao people.

The Government is also strengthening its cooperation with the private sector, with particular focus on the promotion of a series of nascent industries and occupations. We will follow up on the framework for cooperation between the Government and enterprises on occupational training and promotion of skills accreditation, to cultivate talents for different industries by integrating training, accreditation and deployment. The Government will continue developing professional accreditation systems, and focus on establishing them for medical staff and social workers. We will also consider incentive measures to attract overseas talents to return to Macao, by referring to related policies adopted by other countries and territories.

2. Promoting adequate economic diversification

Macao's economic development is facing bigger challenges, but with the solid economic foundation and financial capability, and the ability to overcome risks, we have successfully maintained a stable economy and employment market.

Affected by uncertainties in neighbouring economies, Macao's gaming industry is undergoing continuous adjustment. Gross gaming revenue in the first 10 months of 2015 was 196.07 billion patacas, down 35.5 percent year on year.

Regarding the economic outlook for 2016, external demand will remain sluggish, and there are potential risks of a further downturn in the global economy. This results in even greater pressure on restructuring Macao's industries. However, non-gaming industries are expected to gain new momentum, and overall

economic development will maintain steady. Besides, the Government will expedite the establishment of the Investment Development Fund.

The Government has every confidence in taking initiatives to expedite the establishment of “One Centre, One Platform”. We will also firmly seize the opportunities arising from China’s 13th Five Year Plan and the ‘One Belt, One Road’ initiative, as well as the establishment of pilot free trade zones in mainland China. We will strive to strengthen our status and functions in the course of China’s economic development and opening up, and create more favourable conditions, thereby bolstering Macao’s future economic development.

(1) Attaching importance to healthy growth of the gaming industry

The Government continues to strengthen regulation of the gaming industry and refine the related laws. This year, we conducted an interim review of the gaming industry, which examined the implementation of casino operators’ concession agreements; analysed the gaming industry’s influence on the local economy, business environment for small and medium-sized enterprises and people’s livelihoods; looked at the synergy effects between gaming and non-gaming elements; and assessed the development and current state of gaming promoters since the liberalisation of the gaming industry. The Government will regulate the operation of gaming promoters, and prevent and curb illegal gaming activities. In October, the Gaming Inspection and Coordination Bureau issued an internal guideline to all gaming promoters, to further improve the regulation system and promote healthy development of the industry. The Government will also examine the operations of VIP rooms when appropriate, and consider strengthening regulations to facilitate long-term development of the gaming industry.

The Government will facilitate gaming operators’ development of large-scale integrated tourism projects and encourage them to develop their business in the tourism and leisure industry, to enhance overall competitiveness. We will continue to promote responsible gaming, urge gaming operators to fulfil their social responsibility and purchase more Macao products and services, to safeguard local residents’ employment rights.

(2) Strengthening the development of a world tourism city

Macao is lauded by the United Nations World Tourism Organization as an exemplary tourism city, and is recognised for its tourism diversity. Macao was also listed by an international travel magazine as the best destination for leisure trips 2015.

The Government will continue to leverage Macao’s advantages in history, culture and leisure entertainment to improve tourism facilities, actively explore more channels for training multilingual tour guides, and attract international tourists. We will also encourage tourists to visit the Historic Centre of Macao and develop routes for multi-destination tours.

We will promote leisure tourism with an emphasis on diversity and quality, to offer each tourist a memorable experience. We will continue to study and assess the city’s tourism carrying capacity, particularly focusing on traffic and crowd control measures to be adopted during festivals, to ensure safety of residents

and tourists. Also, the Government will further optimise statistical work on tourism satellite account to more comprehensively and accurately reflect tourism development.

(3) Fostering nascent industries and supporting small and medium-sized enterprises

The Government will expedite the promotion of adequate economic diversification by stepping up its efforts in developing convention and exhibitions, cultural and creative and Chinese medicine industries, and completing the formulation of statistical benchmarks for these three nascent industries.

The convention and exhibition industry has achieved notable progress, which is increasingly reflected in its positive effect on other industries. As stated in the report of the Global Association of the Exhibition Industry, Macao was the best performer in Asia's exhibition market in 2014, with its accomplishments recognised by its international counterparts. Next year, the Government will conduct a study on the development blueprint of convention and exhibition industries in Macao, to provide a reference for guiding development of the convention and exhibition industry.

The Government has begun implementing measures to support development of the cultural industry, and will refine various policies through cross-departmental cooperation. We will also consider introducing a cultural industry incentive scheme and setting up a related information service platform, to enhance the overall capability of the cultural industry.

The Government will facilitate Guangdong-Macao Traditional Chinese Medicine Technology Industrial Park's cooperation with state key laboratories, to promote development of hardware facilities in the industrial park. The joint ventures with two renowned enterprises from mainland China will be implemented. In the coming year, the industrial park will launch a pilot scheme in one or two Portuguese-speaking countries to promote close cooperation on international registration and trade services.

Small and medium-sized enterprises are integral to Macao's economy and society. In response to economic adjustments and to provide momentum to economic development, the Government will continue implementing various support schemes for SMEs; increase the maximum credit guarantee provided by the Government under the SME Credit Guarantee Scheme from five million patacas to seven million patacas; and offer secondary aid capped at 600,000 patacas for enterprises that have repaid loans granted under the aid scheme for SMEs, to improve their sustainability. An advanced version of "Services on the doorstep" will be introduced. The Government will deploy enterprise liaison officers and fully implement the SME Outreach Scheme, to actively attract capital and investment and maintain an appropriate amount of public investment to create employment opportunities. We will urge gaming operators to inject more non-gaming elements into the industry, and encourage them to facilitate collaborative development with SMEs.

The Government will increasingly support the organisation of community consumer activities, and establish a study group for community economic development to cooperate with local commercial and industrial associations in

promoting economic development in the community. We will assist long-established local shops with maintaining their development potential. This year, local products and services are prioritised in government tender evaluations, providing further support to “Made in Macao” and “Macao Creations” products and services.

The Government will establish an import, export and re-export credit insurance scheme, to lower local SMEs’ trading risks.

The Government will provide guidance and support to young people, encouraging them to be well prepared before starting their own businesses. The Young Entrepreneur Incubation Centre, which was established this year, provides comprehensive support to young entrepreneurs for starting their businesses. Next year, we will introduce an innovative youth business scheme focusing on Internet-related business, and consider broadening the Young Entrepreneurs Aid Scheme to cover the three major free trade zones in Guangdong Province, aiming to encourage young people to engage in regional cooperation.

(4) Protecting the rights of local employees

The Government always attaches great importance to protecting the rights of local employees and promoting their upward or horizontal mobility. Through specific vocational training, we help local employees to be continuously employed or to change jobs, with a view to stabilising the job market. We also encourage employers, especially large-scale enterprises, to raise staff salaries and so maintain stability of human resources.

This year, the Government introduced the Workers’ Credit Rights Protection Scheme; amended the system for compensations for work-related accidents and occupational injuries; increased the maximum monthly salary compensation for unjustifiable dismissal of employees to 20,000 patacas; and set the minimum wage for cleaning and security workers of the property management industry. We will fully implement the minimum wage within three years after the relevant laws take effect.

Next year, the Government will continue to review and refine the Labour Relations Law, including through an amendment relating to paid paternity leave and overlapping leave; improve the Law on Employment of Non-Resident Workers to further optimise and implement the exit mechanism for non-local employees through closer cooperation with relevant departments; follow up on drafting the bill on the Labour Relations Law for Part-time Labour, to improve regulation of employment agencies and foreign domestic helpers; and enhance promotion, law enforcement and administration of occupational safety, to safeguard employees’ health and well-being.

(5) Proactively deepening regional cooperation

In line with the trend of cross-region and multifaceted regional cooperation, the Government will continue utilising the “Grand Culture and Huge Landscape” concept in expanding the structure of multiple cooperation and services platform between China and Portuguese-speaking countries, expanding the scope of cooperation to fields other than commercial and trade services, facilitating

interconnections, conveying information on cooperation and spreading the idea of mutually beneficial relationships, to facilitate cooperative development.

The Government will expedite the establishment of “One Platform” and the subsequent “Three Centres”. We will deploy dedicated staff and task forces to the offices of the MSAR in Beijing and Lisbon, to make concerted efforts in leveraging on “One Platform”; and proactively work closely with the Ministry of Commerce and the permanent secretariat for the Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries in preparing for the fifth Ministerial Conference of the forum to be held next year.

We will firmly seize the opportunities arising from the establishment of the One Belt, One Road initiative, and strengthen exchanges and cooperation with ASEAN, Portuguese-speaking and Latin-speaking countries, thereby deepening international exchanges.

We will review the implementation of initiatives related to the positioning of Macao under China’s 12th Five-year Plan, and will ensure Macao plays its role and capitalises on its advantages in the 13th Five-year Plan, in order to foster coordinated economic and social development.

We will continue to make good, full use of policies and measures, including the CEPA. We shall also develop an innovative model for cooperation between Guangdong and Macao, implement the Framework Agreement on Cooperation Between Guangdong and Macao, promote liberalisation of trade in services between Guangdong and Macao, and strive to create more favourable conditions for broadening horizons for development of local SMEs, professionals and young people.

The Government will strictly observe the relevant regulations of the Legal System for Fiscal Reserve and adhere to the principle of “security, effectiveness and stability” in steadily allocating a portion of the financial reserve for investment in the development of major projects of Guangdong, Fujian and China Development Bank, thereby preserving and boosting the value of the MSAR's fiscal reserve.

We shall continue to facilitate the construction of major border crossing infrastructure, such as the Hong Kong-Zhuhai-Macao Bridge and the new Guangdong-Macao border crossing. New operating models for border crossing arrangements will be implemented, to boost convenience. We will take further steps towards fostering cooperation in promoting people’s livelihoods and improving residents’ quality of life through regional cooperation.

The Government will continue deepening its cooperation with the Pan Pearl River Delta region, Fujian and Beijing, improving the mechanism for communications with Hong Kong, and fully leveraging the function of the Macao Economic and Cultural Office in Taiwan.

3. Building a liveable city

Macao has a huge wealth of historic, cultural and tourism resources. While developing the tourism industry, we also continuously improve our culture, transport, public security, environmental protection and public hygiene, in order to develop Macao into a liveable city.

The Government will consider formulating a development plan for the age of big data in Macao, to match the direction for development of a smart city. We shall support all departments and industries with adopting new technologies to boost public administration efficiency, raise residents' quality of life, improve the business environment for SMEs, and support upgrading and updating of industries.

(1) Improving the urban environment

In response to social development and ever-changing internal and external circumstances, the Government will enhance regional cooperation and cooperation between the police and the public, strengthen the police force through technology, and establish an outstanding and efficient disciplinary service. We will prevent and combat all types of crimes, enhance the Government's ability to respond to incidents through the inter-departmental crisis management mechanisms, take precautionary measures and handle public emergencies in a timely manner, to maintain Macao's public order and safety.

The Government will ensure proper epidemics control, medicine reserves, hardware development and regular drills according to World Health Organization guidelines. We will strive to safeguard public health and safety by closely communicating with neighbouring regions and optimising the communication mechanisms.

Referring to internationally accredited food safety standards, we enhance our ability to proactively monitor and introduce regulations, and gradually increase the types of food to be monitored and inspected. Next year, we will introduce four new food safety standards and intensify law enforcement against illegal production or smuggling of food, to ensure food safety in Macao. We shall take effective measures to enhance safety of households, transport, water and electricity supplies and telecommunication networks; improve the weather forecast system; enhance the discharge capability of drainage networks in different districts, and pay special attention to the impacts of typhoons and flooding.

Regarding telecommunication network services, the licensed companies will establish a territory-wide 4G network coverage next year.

In recent years, Macao's citizens have been suffering from transport problems ranging from efficiency to safety and environmental issues, all of which have been affecting their commuting. The Government will fully review the transport and traffic strategy, and will actively introduce measures under the principles of "Public transport priority", "Control growth in vehicle numbers", "Ease traffic pressure on roads" and "Encourage walking".

To uphold the core principle of prioritising public transport, the Government strives to optimise and expand the bus network, and will next year commence the pilot scheme for time-limited public transport lanes from Barra to Lam Mau.

As Macao has undergone rapid economic development in recent years, the traffic conditions have been worsening. To keep in line with the overall traffic and transport policy, the Government proposes raising motor vehicle tax and appropriately increasing the cost of purchasing vehicles, to control the growth in number of vehicles. We also propose cancelling the tax concession for vehicles

designated for tourism purposes. The Government will amend the relevant laws, shorten the intervals between in-use vehicle examinations, and formulate an exhaust emissions standard and regulations on in-use vehicles. The new vehicle examination centre will commence operations in the second quarter of next year, to perform vehicle examinations in future.

The Government continues taking action against illegal activities involving taxis, to maintain Macao's image as a tourist destination. At the end of 2015, there were 1,420 taxis in Macao. Next year, 250 ordinary taxi licences will be issued; additionally, an open tender for 100 special taxi licences has been initiated. Excluding 170 taxi licences that will soon expire, the number of taxis in Macao will increase to 1,600 by the end of 2016.

The Government will improve commuting conditions for the public by developing accessible walkways. Next year, we shall continue the development of the walkway network connecting the NAPE and the Outer Harbour new reclamation area with the neighbourhoods of Colina da Guia and Horta e Costa.

Due to problems related to the Light Rapid Transit System (LRT) depot, the Government expects to terminate the contract with the contractor, and to resume the construction work as soon as possible. Upon completion of the civil works for the 11 LRT stations next year, more road space will be gradually released for public use. To relieve the traffic pressure on Macao-Taipa cross-harbour routes, the Government has started to prepare for extension of the LRT service to Barra Station, and aims to commence construction as soon as practicable.

Following completion of the Seac Pai Van public housing project and construction of the Islands District Medical Complex, a surge in demand for public transport is expected. In view of this, the Government has commenced a feasibility study on the LRT Seac Pai Van line, and collected public opinions. As for the Macao peninsula line, the amendment to the design of LRT southern section is in progress and is expected to be completed next year. Technical research on the waterfront line of the northern section, which connects the Border Gate and Friendship Bridge, will soon commence. Also, the Government will prepare for the next stage of construction, to support the development needs of New Urban Zone Area A and the Zhuhai-Macao artificial islands of Hong Kong-Zhuhai-Macao Bridge.

Following renovation work, Macao Ferry Terminal has resumed operations. The construction of Taipa Ferry Terminal will soon be completed, and the terminal will commence trial operations, prior to commissioning that is scheduled for the second half of next year.

The comprehensive analysis by transport authorities and the commissioned research institute suggests adopting the bridge proposal for the fourth Macao-Taipa cross-harbour route. Assessment reports related to the construction work will be compiled in the next stage of work on planning the route.

The Government will conduct timely reviews and adjustments of aviation policy, to meet the needs of developing "One Centre, One Platform".

Environmental protection is a major Government policy as we strive to develop a sustainable and liveable home for our next generations. The Government will expedite the commencement of legislative procedures concerning the

environmental impact evaluation mechanism, and gradually introduce a solid waste management programme according to the polluter-pays principle; and consider feasible measures for supporting the recycling industry.

Through regional cooperation on environmental protection, the Government aims to reach an agreement with mainland China on implementing a solution for disposal of inert construction and demolition materials in mainland China waters as soon as possible, and to commence the construction of the relevant sorting facilities. To alleviate the environmental and hygiene problems arising from scrap vehicles, the Government will facilitate a project for cross-boundary disposal of scrap vehicles from Macao, in accordance with the framework agreement on Guangdong-Macao cooperation in environmental protection. The construction of a temporary storage facility is expected to be completed next year. In the meantime, work will begin on planning and building a permanent pre-processing facility.

The Government will promote the use of environmentally friendly vehicles, particularly electric vehicles, to reduce air pollution. We will facilitate three-dimensional urban greening and strive to expand urban greenery.

(2) Strengthening social bonds

As it was formerly a key city along the Maritime Silk Road, Macao has for centuries served as an important bridge for cultural exchanges between the West and China, and a place where people of different races, religions and cultures live in harmony. All of the Macanese and Portuguese residents in Macao have contributed much to the intermingling of Chinese and foreign cultures. We shall keep alive the tradition of ethnic harmony and cultural integration, and work hand in hand for society's prosperity and development.

This year marks the 10th anniversary of Macao's successful application for inclusion in the World Heritage List. Upon submission of a report to the UNESCO and gathering public opinions, the Government will finish compiling the Plan for Protection and Management of the Historic Centre of Macao by next year. We will consider revitalising the Mong Ha villa cluster, and developing a new area for cultural, tourism and leisure activities.

The Government puts great emphasis on the balance between urban development and conservation of historical heritage. We integrate and make good use of various public resources to expand the art and cultural environment, cultivate local cultural talents, promote arts and creativity, offer enhanced cultural services to the public, and raise Macao's cultural quality.

The Government will also compile a report on the objectives for development of women in Macao to promote healthy development of women's affairs. The Government will enhance protection of children's rights, to provide a better environment for healthy growth of children. We shall continue to support Macao people who are working overseas, and combine their strengths. We also advocate our splendid traditions of being loyal to our country and to Macao, respecting the elderly, public-spiritedness and inclusiveness, with an aim of building a sound socio-cultural environment.

4. Deepening public administration reform

In the year ahead, the Government will uphold the policy-making principles of “Putting people first” and “Scientific decision-making”, and strive to maintain the overall benefits of the MSAR by listening to public opinion and facilitating beneficial interactions with the public.

The Government will strive to enhance administrative transparency, be accountable to the public, and lawfully safeguard freedom of the press, freedom of publication and freedom of speech.

We will steadily restructure or integrate consultation bodies of different fields, and explore more channels for public participation in public policy making. In accordance with the requirements established by the Government, we will follow-up on issues related to the numbers and tenures of consultant positions to be held by members representing the community.

The Government will continue to rationalise the functions of the public administration structure. We will complete the restructuring of functions of 15 public departments and organisations within two years, to rationalise administrative structure. The mechanism for coordination between public departments and cross-departmental cooperation within the Government will be enhanced, in order to boost the Government’s ability to implement policies.

Based on the existing study, and in accordance with the Basic Law of Macao, we plan to establish a municipal organisation that is not an organ of political power, to reasonably allocate functions to this organisation and relevant departments.

The Government has formulated the Master Plan for MSAR e-Government 2015-2019. It will also analyse and optimise cross-departmental procedures for Administrative Permits/Licences. More digitalised measures that increase public convenience will be introduced. It is expected that online appointments for all registration and notary services will be enabled by the end of 2016. Through establishing a series of public service platforms, we aim to provide the public with higher quality, more convenient services.

Under the principles of “Recruiting capable persons” and “Mutual agreement”, we will reform the centralised recruitment system for centralised administration and two-tier examinations, to increase the quality and efficiency of recruitment. This year, the amendment to the Recruitment, Selection and Promotion Training System for Civil Servants will be completed. The Government will establish a complaint management mechanism for civil servants; commence reform of the system for assessing performances of public servants, and officially incorporate a third-party assessment into the system for assessing performances of department heads; and expand these measures to cover different levels and areas of the civil service.

Outstanding civil servants guarantee efficient operation of the MSAR. After considering opinions and suggestions from civil servants’ associations and the Civil Servant Pay Council, the Government proposes upwardly adjusting each point on the civil service salary scale to 81 patacas in January 2016. The relevant bill will be submitted to the Legislative Assembly for deliberation.

Additionally, three new financial aid measures were introduced this year, to address the needs of junior civil servants in various ways. Next year, the

Government will complete the comprehensive review of the Civil Servant Ranking System, hence providing an institutional basis for rank-based salary adjustments, thereby achieving the policy objective of providing assistance to junior and frontline civil servants and maximising remuneration for civil servants of different ranks.

It is important for the Government to centralise the drafting of bills, to ensure quality. The Government will rationalise the relations between legal departments and policy enforcement bodies in the course of law drafting. We will also strengthen medium-to-long-term legislation planning and coordination of annual legislation planning.

The Government will continue optimising both software and hardware facilities of judicial bodies, and promote the construction of basic facilities for them.

Alternative dispute resolution is an effective mechanism for resolving social disputes. To establish a systematic, diverse dispute resolution mechanism, the Government has started to introduce a mediation system and review the arbitration system, in order to more effectively maintain social stability and harmony in Macao.

The Commission Against Corruption (CCAC) will refine equipment used by its staff and enhance the effectiveness of its work; continue to thwart and combat all forms of illegal activities and intensify investigations of cross-border cases; systematically analyse and review complaints to the ombudsman and initiate investigations, in order to facilitate improvements to public services at the operational and institutional levels. It will also promote the online complaint platform, advocate integrity in the community, and enable the public to participate in maintaining fairness and justice in society.

The Commission of Audit will strengthen ongoing audits of large-scale public works projects, put additional efforts into carrying out performance audits and special audits, extend the scope and depth of systematic audits, facilitate the establishment of an internal audit system for public departments, continuously refine human resources and workflows, and strengthen the ability to respond to audit risks.

Concluding Remarks

President, members of the Legislative Assembly,

As Macao enters an important phase of expediting its establishment as a world tourism and leisure centre, our long-term target is to develop Macao into a city enjoying international standards of living, work, transportation, tourism and entertainment by the mid-2030s. Our medium-term objective is to achieve concrete interim results that will lay a solid foundation for achieving this long-term goal.

To achieve the target, the Government will fully seize the opportunities arising from Macao's overall socio-economic stability, follow its established development strategies, maintain an innovative mindset, make a determined effort to carry out reforms, and adopt a pragmatic approach – to realise the grand blueprint in collaboration with all Macao people.

We will spare no effort in promoting the principles of “One country, two systems” and “Macao people governing Macao” and the implementation of a high degree

of autonomy, and will strictly observe the Basic Law of Macao. We always uphold the policy-making principles of “Putting people first” and “Scientific decision-making”, enhance awareness of potential risks and crises, promote adequate economic diversification, and continue to improve people’s livelihoods.

Facing a multitude of problems and challenges, the Government will carefully investigate the root of problems, to formulate specific strategies for overcoming the actual constraints that prevent us from achieving our long-term goal. We will also calmly handle the intertwined existing and new conflicts and ever-changing internal and external circumstances.

We have the will and the means to resolve conflicts and tackle problems. We will be fully committed to overcoming the existing challenges and problems with pragmatic actions and by combining the wisdom and power of Macao people, to facilitate the development of various projects of the MSAR and demonstrate the advantages and strength of “One country, two systems”.

We have learnt from the past that a strong motherland will always give rise to a stronger Macao. We must combine our unique advantages with the solid support from the motherland to seize the new opportunities for development in China, continue to deepen Guangdong–Macao cooperation and regional cooperation, explore international exchanges, actively participate in China’s development strategy of further opening up and expedite the establishment of “One Centre, One Platform”, to promote sustainable socio-economic development of Macao.

In the coming year, the Government will leverage the motivation and innovation of all parties to stimulate creativity in society; provide a better environment for the growth of young people and promote the core values of being loyal to our country and to Macao; listen to opinions from all walks of life, combine collective wisdom, stabilise economic development and improve people’s livelihoods; and constantly enhance the capabilities of the Government to rule by law, to create a fair and just social environment.

Looking ahead, with the strong support from the Central People’s Government and the concerted efforts of Macao citizens, we will continue our development at a faster pace, with steadier and better steps to reach a more ambitious goal. We are confident that the aspirations of Macao people to live better lives and create a better environment for the growth of the next generations will be realised, and every one of us who participates in the progress and share the experience will be rewarded with a huge sense of satisfaction.

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

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