

Enhance the Well-being of Society and Prepare for Long-term Development

Administrative Priorities of the MSAR Government in 2013

Looking back over the past year, we have strictly abided by the Basic Law of Macao, continued to follow the principles of “One country, two systems”, “Macao people governing Macao” and a high degree of autonomy, and pragmatically opened up new opportunities with an eagerness to forge ahead. With the strong support of the central government and the concerted efforts of the MSAR Government and Macao people, we have overcome both internal and external difficulties, leading to steady development in society, politics, the economy and culture. Certainly, we recognise that there remains room for improvement in the Government’s administration, and are also aware of the various issues that affect society. Therefore we continue to strive to enhance our administration and seek solutions to our problems.

In 2013, to realise the various policy objectives, we will make progress over time and will intensify scientific policy-making; continue to improve public administration operations, live out the spirit of accountability, and govern in accordance with the law; strengthen our efforts to foster integrity and in auditing; safeguard social justice; fully protect the freedom of the press; pay heed to the voices of the public; design policies that are scientific and forward-looking; and work hard towards realising our sound development plan.

I. Develop a long-term mechanism for effective administration, and share the fruits of development

The Government will strengthen its standardised, stable, long-term and supportive administrative system with timely supplementary measures, to steadily promote long-term development of the social security system, health care, education and housing. In order to continuously improve people’s livelihoods at all levels, the government will facilitate stable economic development and secure the basis of the continued sound investment of resources.

Long-term mechanism for effective administration of social security

We will maintain our focus on construction of a multi-faceted and multi-layered welfare system, strengthening the development of the system, and allocation of resources. To ensure the smooth operation of the social security system in the coming years, the Government has planned an additional budget allocation to the Social Security Fund of five billion patacas in each of 2013 and 2014 and 13.5 billion patacas in each of 2015 and 2016, for a total injection of 37 billion patacas over the next four years. At the same time, we will also consider a moderate increase in the proportion of the contribution to the Social Security Fund from the gross gaming revenue, continue the optimisation of each contribution proportion, and facilitate consultation regarding increased contributions at the

Standing Council on Social Concerted Action as soon as possible.

The Social Security System of the Macao SAR is based on the pay-as-you-go and social insurance principles, which mean the elderly receive benefits drawn from contributions made by younger people, in a virtuous cycle of cross-generational assistance. A solid retirement protection system is a shared responsibility among the government, enterprises and individuals. In this system, contributions to and payments from the Social Security Fund, especially those related to pensions, reflect citizens' rights and obligations. The Government will study the possible incorporation of the old-age allowance into the Social Security System, in order to improve the administrative efficiency of payments of pensions and the old-age allowance, and to maintain pension levels above the minimum subsistence index on the basis of multi-faceted support and multi-layered protection. Therefore, it is proposed to raise the pension level to 3,000 patacas.

To take care of the retirement life of the elderly, a cross-departmental study group led by the Social Welfare Bureau has been set up to conduct a broad assessment of health care, housing, and retirement protection for the elderly.

A series of measures are being implemented to establish short, medium and long-term coordinated financial, living and educational assistance schemes, to provide subsistence support to people in need. This will also tie in with an employment assistance programme to enable benefit recipients to make the most of their expertise and be self-sufficient. The minimum subsistence index has now been raised to 3,450 patacas.

Assessment and distribution of allowances for the disabled have already begun so that all holders of disability assessment cards can enjoy free health care services. The need for services and facilities is carefully analysed prior to drawing up development plans for rehabilitation services.

To accelerate the improvement of social facilities, a total of 43 social service facilities are expected to commence operations between 2013 and 2015, involving a total budget of about 910 million patacas. These facilities will provide services to children, young people, the elderly, families, communities, as well as treatment for drug dependence. At the same time, we plan to reserve a newly reclaimed area for the construction of social facilities.

Long-term mechanism for effective administration of health care

A health care policy of "Improve medical services and prioritise prevention" has been established. The Government will allocate further resources to medical and health care to perfect the structure of the system, improve medical and health care facilities. The Plan for Perfecting the Medical and Health Care System is formulated to invest 10 billion patacas to establish a more effective health care system by 2020. Under short, medium and long-term plans, the Islands District Medical Complex, the Emergency Services Building and a specialist services building at the Conde S. Januario Hospital and an infectious diseases rehabilitation centre at Coloane Peak are to be constructed. We will also increase the number of health centres and health stations to 11 and two respectively. In addition, the expansion, construction and reconstruction of medical facilities and related projects are to be expedited. With the completion this year of the expansion of the Emergency Service Building of Conde S. Januario Hospital and new health care centre in Taipa, we look forward to significant improvements in outpatient services, as well as reduced waiting times for other patients.

Through investment and integration of resources, the Government will continue to strengthen the training and recruitment of doctors and nurses, promote the continuing development of medical staff, and encourage participation in international accreditation programmes and medical research. The Government will also enhance professional regulation and facilitate reform of medical systems to meet Macao's future needs. We are determined to implement the Law of Smoking Prevention and Control and make great efforts in the promotion of smoking control and law enforcement to build a smoking-free environment.

Long-term mechanism for effective administration of education

The focus of the Government's education policy is to improve the overall education quality of residents and to nurture local talent. When allocating resources, the Government's budget prioritises non-tertiary education. The amounts allocated to this area will be increased by 26 percent year-on-year in 2012. The Government is also studying the possibility of boosting reserves by instalments to enhance the role of the Education Development Fund as a reserve and an adjustment vehicle for education funding. Currently, the education subsidy system provides school fee subsidies, recurrent education subsidies and textbook allowances to support students with financial difficulties, allowing students to receive education without adversely affecting the financial position of their families. At the same time, we have improved the subsidy mechanism to students with financial difficulties through the Student Welfare Fund. We also pay attention to students' physical development and provide medical insurance, the budget of which in 2013 increased by 35.2 percent year-on-year.

The 15-year free education policy implemented by the Government, and the recent success in maintaining a university admission rate of 85 percent by third-year students of senior secondary schools, are the fruits of the Government's continuous injection of education resources. Under the 15-year formal education system, the Government currently subsidises each student attending a school within the public school network by 310,000 patacas and each student attending a school outside the network by almost 200,000 patacas.

In tertiary education, the scholarship quota and amount for students who achieve excellent academic results have both been substantially increased. The Government is also intensifying the implementation of a programme to attract outstanding students to enrol in professional teaching training, to encourage them through scholarships to study education and to work in the local education sector after obtaining their degree. The completion of construction of the New Hengqin Campus of the University of Macau will mark a new milestone in the development of Macao's tertiary education.

The Government attaches great importance to building up a talent database. The collection of information about Macao residents who have enrolled in local and overseas tertiary institutions facilitates assessment of the need for talent for the implementation of the medium- and long-term economic and social development plan, and provides a reference for the development of appropriate human resources policies.

We see all young people as our hope for social development. The Government cares for and supports our young people in their planning of a positive attitude to life, helping them to develop independent and critical thinking, and at the same time, to be innovative and constructive. We aim to make a long-term youth policy for Macao with social consensus.

Long-term mechanism for effective administration of housing

The Government attaches great importance to the basic housing demands of Macao residents, and has established short-term and medium-term objectives as well as long-term plans to maintain the balance between public housing and the private property market. Through appropriate allocation and provision of public housing, Home-Ownership Scheme housing and private residential properties, the demands of residents from all walks of life can be met.

The Government has completed construction of 19,000 public housing units as planned. Families on the waiting list are gradually moving into the new units, and the Government has also recommenced accepting applications for Home-Ownership Scheme housing and public housing. The mechanism to monitor buildings for maintenance deficiencies is being strengthened through continued promotion of the Building Maintenance Fund Scheme.

The “post-19,000 units” public housing programme is now in full swing; more land will be reserved for the provision of further public housing units beyond the previously announced programme of 6,300 units. The Government would also consider increasing supply, focusing on the balance of supply and demand in the market, and accelerating the approval of private residential development plans. There are about 30,000 private residential units currently in the approval process with around 8,000 private residential units under construction.

A public housing land reserve system is being established to reserve land for public housing and facilities in new urban areas, in order to secure the long-term development of public housing through the implementation of land policies. The tender invitation procedure for Area A of the five reclamation areas has commenced. The reclamation project is expected to be completed in 2015, providing a total area of 137.8 hectares, with part of the reclaimed land reserved for public housing. The tender invitation procedure for the 60-hectare Area E has also commenced. Fully taking into account the “Macao property for Macao residents” policy, the Government will further study its definition, land supply, sale and purchase restrictions, and the laws required to support the policy. The Government will also study the establishment of a public housing development fund and strengthen the functioning of the Public Housing Affairs Committee.

To care for people’s livelihood, taking account of its fiscal status, the Government will inject 6,000 patacas to the Central Provident Fund account of every eligible Macao resident. At the same time, each permanent resident will also receive 8,000 patacas, and each non-permanent resident will receive 4,800 patacas, under the Wealth Partaking Scheme. The Old-age Allowance for each eligible senior citizen is raised to 6,600 patacas, and the implementation period of the Short-term Food Assistance Programme is extended from six weeks to eight weeks. The Government also disburses an extra one-month full subsidy to families registered with the Social Welfare Bureau to receive financial assistance, and will also continue to provide special subsidies and special living allowances to the three categories of disadvantaged families, while gradually relaxing application criteria for the social security net to include more disadvantaged families. The implementation of Positive Life Programme and the Community Employment Assistance Scheme will also be continued.

The Government continues to provide rent waivers for public housing tenants for one year; disburse temporary housing subsidies to eligible families on the public housing waiting list; and

provide financial allowances to eligible low-income, full-time employees of up to 4,400 patacas per month.

The Government is fulfilling its commitment to increase education resources by continuing to provide textbook allowances. The amount will be raised from 1,900 patacas to 2,400 patacas per school year for each primary and secondary student in Macao; and from 1,500 patacas to 2,000 patacas per school year for each kindergarten pupil, to further alleviate the financial burden on parents of buying textbooks. The Government continues to provide a study allowance to each Macao resident pursuing post-secondary or postgraduate studies at a local or overseas institution. The amount is also increased from 2,000 patacas to 3,000 patacas per academic year, in order to lessen the financial burden of buying books, reference materials and stationery.

2013 marks the conclusion of the three-year Continuing Education Programme. The Government continues to provide a subsidy of up to 5,000 patacas to each local resident aged 15 or above who participates in continuing education, and will conduct a comprehensive review of the implementation of the programme.

The Government will raise the total amount of health care vouchers for each permanent resident from 500 patacas to 600 patacas and is once again offering an electricity fee subsidy of 200 patacas per month to each residential household.

The Government is implementing the following tax cuts and waivers in 2013: a reduction in personal income tax for all Macao residents from 25-percent exemption to 30-percent exemption with the basic allowance set at 144,000 patacas; waivers of all business taxes, hawker licence fees, wet market stall rents, inspection and quarantine fees for live food, and stamp duty on life insurance, 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; maintained increase in profit tax allowance from 32,000 patacas to 200,000 patacas; waiver of stamp duties on entrance passes and tickets for cultural and arts performances, exhibitions and entertainment programmes; 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 also offers a rebate of 60 percent of the personal income tax paid in 2012 by each Macao resident, subject to a ceiling of 12,000 patacas, to ease the burden on middle-income earners. Eligible residents will receive their tax rebate in 2014.

II. Establish Macao as a world tourism and leisure centre and promote adequate diversification of the economy

Taking into account external and local economic trends in 2013, we are cautiously optimistic about the economic outlook for Macao in the coming year and expect it to maintain positive growth. The Government is continuing to take effective precautionary measures against economic and financial risks, and is prepared to tackle any capital volatility or overheating of the real estate market. The Government also closely monitors the liquidity and safety levels of its fiscal reserves, and is diversifying its investment portfolio according to the global financial situation to achieve higher returns.

To provide more practical, safer and more regulated protection to the government budget under the law, and to strengthen regulation and supervision, the Government will further review the Budget Framework Law and commence necessary legislative amendment procedures.

The Government continues to monitor and control the pace of development of the gaming industry while actively supporting the development of integrated tourism and associated industries. Gaming operators are urged to act with social responsibility to promote responsible gaming, and join efforts to facilitate the healthy development of tourism and the gaming industry.

The Government is strengthening its focus on existing sources of tourist visitors, developing potential markets, and continuing to promote multi-destination tours and diverse travel products, as well as intensifying its efforts to promote and support the development of the food and beverage, convention and exhibition, Chinese medicine and cultural and creative industries. The Government will continue to support the training of talent for the convention and exhibition industry by organising professional training courses on international conference event management. Furthermore, a foundation to foster the development of cultural and creative industries has also been established and commenced operation.

The Government has taken diverse measures to support the development of small and medium sized enterprises (SMEs) including the provision of financial assistance and the enhancement of the business environment and human resources, drawing on this effectiveness to organise events such as the Dynamic Macao Business and Trade Fair. The Government has also set up an interest-free loan scheme under the Commercial Development Fund to provide financial assistance to local young people who want to start their own business but lack resources. The upper limit of loans is 300,000 patacas and the maximum loan tenor is eight years.

The Government is committed to the protection of local residents' employment rights by further cracking down on illegal employment. The Government is reviewing the Labour Relations Law and the issue of workers' compensation to facilitate the passing of legislation for the Part-time Job System. The Standing Council on Social Concerted Action is conducting a study to seek consensus between employers and employees in the property management industry on minimum wage levels for cleaners and security guards. The Government is also strengthening supervision of non-resident workers and encouraging enterprises to give priority to local employees in promotion. Larger enterprises are encouraged to launch targeted vocational training programmes for grassroots employees on relatively low incomes, to support upward mobility for local employees.

The establishment of a professional accreditation system is essential to nurture professionals, develop human resources, and build a reserve of talent for Macao's development. The Government will therefore continue to promote a professional accreditation system in the social work, construction and health care sectors.

The implementation of the Framework Agreement on Cooperation between Guangdong and Macao has benefited all parties, and cooperation between the two on the economy, society and people's livelihood has achieved new progress. Macao will actively leverage its capabilities as a regional player to demonstrate and strengthen its unique advantages in the promotion of the joint development of the region. Further, we will comprehensively consider the needs and capacity of Macao to support its development and the actual needs of local residents.

To complement the National Twelfth Five-Year Plan and the further implementation of the Outline Plan for the Reform and Development of the Pearl River Delta, Macao will participate in regional cooperation with a more forward-looking and pragmatic approach. With the gradual development of Macao into a world tourism and leisure centre and a commerce and trade service platform between China and Portuguese-speaking countries, the Government is sparing no effort to improve people's livelihoods and promote regional synergies.

In implementing Supplementary Protocol IX to the Mainland and Macao Closer Economic Partnership Arrangement (CEPA), the Government actively encourages local enterprises to seize the opportunities of accelerated liberalisation of service trade between the mainland and Macao to optimally open up new markets.

The Government will continue the implementation of the Framework Agreement on Cooperation between Guangdong and Macao and the strengthening of our participation in the development of Hengqin. It is working tirelessly to complete the overall planning of the Guangdong-Macao Chinese Medicine Industrial Park early next year, after which the construction of the major buildings will commence to expedite the establishment of various projects in the park. To facilitate adequate economic diversification, the Government will assist qualified Macao investment projects to enter the park and will act to support effective participation by Macao's SMEs. With the Nansha integrated business zone under CEPA as a key platform of Macao's participation in the development of Nansha, the Government will expand the scope for the sustainable development of Macao by constructing a cruise home port in Nanshan, putting forward a pilot scheme for the free entry and exit of pleasure boats, and developing the creative and cultural industries.

In the light of the gradual implementation of the new Guangdong-Macao border-crossing project, the Government is considering several actions: implement new customs clearance arrangements, optimise the living conditions and business environment of the North District, and strive to improve the environment of the Canal dos Patos. The current live food wholesale market will move to the Macao zone of the Zhuhai-Macao Crossborder Industrial Zone. The new wholesale market, which will officially open shortly, will be larger with an improved management model and regulatory mechanism to ensure the supply of live food to Macao.

Macao will celebrate the 10th anniversary of the Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries in 2013, and will host the related ministerial conference. Through regional cooperation with Guangdong, Fujian, the Pan-Pearl River Delta (PPRD) and other regions of the mainland, Macao will leverage the advantage in its close relations with Portuguese-speaking and Romance language-speaking countries, to bolster its function as a platform for commercial and trade services. Furthermore, building on its close cooperation with Hong Kong, Macao will spare no effort to promote the joint progress of Hong Kong and Macao by enhancing the synergy of the established mechanisms of the Government and its close non-government contacts.

In support of the implementation of the development blueprint, the Government's population policy will embrace its vision to enhance the capabilities of the populace, improve population structure, boost the overall strength of our human resources and promote quality of life, ultimately to achieve the sustainable development goal of Macao. The Policy Research Office has completed a public consultation on Macao's population policy framework in order to carefully formulate a

population policy that meets the needs of Macao's development.

The Government is committed to conserving Macao's tangible and intangible cultural heritage. The Cultural Heritage Protection Law has already been submitted to the Legislative Assembly for consideration. The Government is also stepping up education on cultural heritage and the construction of cultural facilities, to create an atmosphere rich in cultural elements, promote creative activities, nurture cultural talent and enrich the cultural life of Macao residents.

Enhancing residents' physical fitness is the core purpose of sport development. The Government is actively extending the scale of sports-for-all events based on the existing structure, and is intensifying the promotion of parent-child sports programmes as well as encouraging schools to incorporate physical education as an essential part of teaching. Meanwhile, sports facility management and the nurturing of potential elite athletes will continue to be enhanced.

The Food Safety Law has already been submitted to the Legislative Assembly for consideration, and the first phase of preparation work for the establishment of the Centre for Food Safety has also been completed. The Government will strengthen the monitoring and management of food safety, and will enhance contact and communication between Guangdong and Macao regarding food safety matters.

An efficient mass transit system, which helps shorten commuting time and release land resources for public housing and greening areas, is the best solution to our transportation requirements. The Government attaches great importance to its technology, quality and safety, and seriously and extensively solicits public opinion. Recognising that the new bus services still fall short of the commuting needs of the public, the Government will emphasise the enhancement of traffic safety, bus service scheduling and quality, and will continue to improve road networks in various districts in order to facilitate the development of transport in Macao.

The new Taipa Ferry Terminal will soon be completed followed by a trial operation. It will officially commence operations to serve the public in the first half of 2014 at the earliest. In regard to civil aviation, the Government will gradually implement the master plan for the development of Macao International Airport based on the results of relevant studies, to provide more convenient external transport services to local residents and visitors.

The Government spares no effort in addressing flooding risks, and will build rainwater pumping stations in San Kio District, Baía do Norte of Fai Chi Kei and urban Taipa. Drainage systems will also be improved to enhance flood discharge capacity.

Based on the valuable views collected during the consultation on the Master Plan for Macao's New Districts, the Government will proceed with its planning for public housing, community facilities and greening step by step, with the aim of improving the overall quality of life for local residents by increasing available urban living space.

The protection of the environment is a global issue. In support of the target set by the central government for the reduction of carbon emissions, the Government will put forward legislation and propose environmentally conscious construction projects. It will also continue to perfect the operation of the Environmental Protection and Energy Conservation Fund, and further enhance its functions by extending eligibility to schools. The Government will establish a funding scheme for the phasing out of highly polluting vehicles. The funding requirement is estimated at about

400 million patacas. At the same time, a pilot electric bus scheme for selected routes in Taipa will be introduced.

The Government has also determined to establish a water recycling plant at the Coloane Sewage Treatment Plant, and to explore new sources of recycled water. It also plans to further improve the facilities of the Macao Peninsula Sewage Treatment Plant and the central collection point of the automated solid waste collection system.

At present, the overall law and order situation in Macao is relatively stable. In the face of Macao's development into a world tourism and leisure centre and the need for economic and social development, the Government will further strengthen police human resources and technology, perfect its internal administration, foster police-community relations, and improve contingency plans, so as to prevent and combat crime and maintain civic cohesion and public order.

The popularisation of science is the cornerstone of the enhancement of residents' personal qualities and competitiveness. The Government will continue to foster the popularisation of science to enhance the scientific literacy of residents and nurture talent for the high-tech service industries.

While strengthening the supervision of the security of telecommunication networks, the Government will also gradually open up the telecommunication market according to the actual situation, and perfect the relevant regulatory mechanisms, and will review the Concession Contract of Terrestrial Pay TV Service of TV Cabo Macau, S.A.R.L.

III. Strengthen the operational mechanisms of government and improve public administration efficiency

The Government will implement the Amendment to Annex II of the Basic Law: Method for Forming the Legislative Assembly of the Macao Special Administrative Region and the newly amended Legislative Assembly Election Law of the Macao Special Administrative Region, to ensure the fairness, impartiality and openness of Legislative Assembly elections.

From past experience, desired policy outcomes are sometimes not fully achieved due to weak enforcement. To remedy this, it is necessary to undertake a root and branch review and actively seek improvement. With the aim of systematically improving governance, the Government will establish a performance management system with major indicators to assess the performance of government departments, including the effectiveness of their execution, whether concrete and effective actions are taken in response to specific policies, and whether policy objectives are achieved.

The Government will apply these analyses to carefully and objectively assess and rationalise the overlapping and mixed functions of various departments, and will adopt a scientific and pragmatic approach to draw up plans to modify, restructure and streamline the organisational structure of Macao's public administration.

On the 20th anniversary of the promulgation of the Basic Law, the Government will continue to promote it through various channels, with the emphasis on helping the public to learn about and understand it.

The Government will make greater effort to strengthen the software and hardware of the judicial organisations, improve the working conditions and remuneration of judicial officers, and will start

to amend the Macao SAR Judicial Organisation Framework Law.

The Government will also continue to perfect the legal coordination mechanism, and step up the implementation of major legislative plans. The three-year project to review and adapt existing laws will conclude this year and will be announced in due course to allow the completion of this work, which is a significant advance in the history of the development of Macao's legal system.

The handling of personal data has become an important aspect of social and economic activity and of our daily lives. The Government will strengthen the protection of personal data and other personality rights of local residents, in order to provide a favourable environment for the construction of a stable and harmonious society under the rule of law.

The Commission Against Corruption (CCAC) will step up supervision, effectively handle complaints made to the ombudsman, and continue to run public education and publicity programmes to promote integrity in society. The Commission of Audit (CA) will improve its human resources and workflow, extend the scope of electronic audits, and enhance the efficiency of major follow-up audit projects.

Conclusion

The development blueprint of Macao is gradually and steadily being implemented, leading the Macao SAR into a new stage of continuous development. In 2013, the Government will continue to prioritise the improvement of the people's well being, and attaches great importance to and proactively addresses the concerns of the people. We are responsive to problems that arise in the course of our development, and seek to resolve them appropriately. We are keen to raise the effectiveness of our short-term policies for the benefit of the people, and work tirelessly towards the establishment of a long-term administrative mechanism. We will firmly uphold our values and at the same time broaden our horizons, with a view to building our beautiful home together with the whole community of Macao.

Holding fast to our administrative promises, we strive to responsibly pull together the wisdom and strength of the whole community of Macao. As we continuously seek self-improvement, we will acknowledge each problem and difficulty along the way and raise governance levels. We must together apply ourselves to contemplation, and a steadfast contribution, in order to push forward the implementation of the great principle of "One country, two systems" hand in hand, and live out the unique advantages and powerful vitality of Macao as a special administrative region.



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