

OVERVIEW OF THE MACAO SPECIAL ADMINISTRATIVE REGION IN 2012



Ensuring stable economic growth and developing Macao as a tourism and leisure centre to diversify the economy

The Government strictly adhered to the Basic Law of the Macao SAR in its pragmatic and progressive endeavours during 2012, in line with the principles of “One country, two systems”, “Macao people governing Macao” and a high degree of autonomy. With the generous support of the Central People’s Government and the concerted efforts of the Macao people, the SAR Government has overcome internal and external problems,



pressed ahead with economic diversification, and enhanced people’s well being in the first place. Upholding the principle of “Putting people first”, the Government has achieved stable growth on the social, political, economic and cultural fronts.

Macao’s economy maintains positive growth despite external conditions

Under complex and volatile international political and economic conditions, the Government has been steadfast in implementing sound and stable fiscal and financial policies, which have led to stable economic development. In 2012, Macao’s gross domestic product (GDP) amounted to 348.2 billion patacas, representing an increase in real terms of 9.9 percent year on year, with a GDP per capita of nearly 612,000 patacas. Macao’s economic growth was driven mainly by exports of services and domestic demand; the exports of gaming services increased by 6.9 percent, while total expenditure by visitors rose by 6.4 percent.

In domestic demand, fixed capital investment surged by 19.1 percent, attributed to a substantial increase in public projects. At the same time, private and public expenditure increased by 9.1 percent and 6.9 percent respectively, and commodity exports also saw a significant rise of 23.3 percent, giving impetus to the healthy and stable development of Macao’s economy.

The value of total exports of goods for the year was 8.16 billion patacas, representing a year-on-year rise of 17.1 percent. The growth was mainly due to the 28.2 percent increase in the value of re-exports despite a 4.4 percent decrease in the value of domestic exports. Goods imported achieved a total value of 70.93 billion patacas, an increase of 13.9 percent year on year.

Regarding domestic demand, retail sales for 2012 amounted to 52.85 billion patacas, a year-on-year increase of 22 percent. Retail sales volume (net of price changes) increased by 16 percent year on year.

Total investment increased by 21.8 percent. Investments in private and public construction rose by 8.5 percent and 39.3 percent respectively, with an increase of 22.6 percent in total investment in construction. Investments in private and public facilities rose by 7.8 percent and 39.3 percent respectively, an overall increase of 18.3 percent.

The number of newly established companies increased by 6.1 percent, while the total value of registered capital decreased by 38.0 percent. A total of 3,612 companies were established during 2012, which was 207 more than in the previous year, however the total registered capital decreased by 38.0 percent to 610 million patacas. These newly established companies operate mainly wholesale and retail businesses. Meanwhile, a total of 501 companies were dissolved in 2012, a year-on-year decrease of 2.0 percent. Capital withdrawn amounted to 110 million patacas, a year-on-year decrease of 63.3 percent.

Fiscally, the total revenue of the Government in 2012 increased by 14.9 percent to 129.5 billion patacas, of which income from gaming tax accounted for 113.38 billion patacas, representing a rise of 13.8 percent. Total expenditure increased by 15.8 percent to 56.75 billion patacas, of which recurrent expenditure accounted for 40.45 billion patacas, a rise of five percent. The fiscal surplus for the year totalled 72.75 billion patacas.

During the year, Macao officially implemented the Fiscal Reserve System, allocating reserve assets and injecting capital into the foreign currency reserves. Meanwhile, the Government also started to work on partial amendments to the Budget Framework Law, and improved procedures for the budget for the Plan for Investment and Development Expenses of the Administration (PIDDA).

By the end of 2012, Macao's basic reserves amounted to 98.8 billion patacas, while the excess reserve amounted to 58.262 billion patacas. As some foreign currency assets in the foreign reserves were transferred to the newly established fiscal reserves in 2012, the balance of the foreign reserves by the end of the year dropped sharply by 51.3 percent to 132.5 billion.

Establishing Macao as a tourism and leisure centre, and revitalising resources to promote cultural and creative industries

In 2012, Macao received 28,082,292 visitors, a slight increase of 0.3 percent over 2011. Gross gaming revenue (excluding tips) amounted to 305.235 billion patacas, an increase of 13.4 percent over the previous year. Total expenditure by visitors (excluding gaming expenditure) reached 52.3 billion patacas, representing a year-on-year increase of 15 percent over the figure of 45.3 billion patacas in 2011.



The Government is determined to position Macao as a world tourism and leisure centre, and bolster its functionality as a regional platform for commercial and trade services. While reinforcing and intensifying the development of the tourism and gaming industry, the Government also implemented moderate regulation, enhanced monitoring of the growth of the gaming industry, and actively facilitated the development of integrated tourism and other associated industries. Emphasis was put on the convention and exhibition, cultural and creative, Chinese medicine, and commercial and trade industries, to facilitate appropriate economic diversification.

In 2012, the Government focused on several aspects of the medium and long-term development of the tourism industry, and set up internal working groups to study various proposals. An expert delegation from the Pacific Asia Travel Association was invited to release a study report on Macao. At the First Global Tourism Economy Forum in Macao, opinions on the positioning and establishment of Macao as a world tourism and leisure centre were collected from experts and academic researchers from around the world.

With a brand-new tourism theme, the Macao Government Tourist Office (MGTO) continued to promote Macao with the slogan “Touching Moments, Experience Macau”, and cooperated with MGTO representatives in overseas markets to carry out promotional activities on social networks, blogs and websites. An audio guide service was also launched to encourage tourists to visit Macao’s attractions independently. Through inter-departmental cooperation and collaboration with relevant organisations, new tourism products were developed focusing on culture, study, religions, festivals and ecology.

The development of budget hotels has drawn the attention of society and the public. The MGTO took the initiative to cooperate with tourism-related organisations to launch a dedicated website for budget hotels which also serves as a platform for room reservation. To ensure the quality of our tourism products and protect the rights of tourists, the MGTO conducted inspections on establishments, industries and tourist spots under its supervision. It also continued to work with inter-departmental action groups to crack down on illegal accommodation.

The Government actively promoted regional cooperation in tourism by participating in the formulation of the Guangdong-Hong Kong-Macao Tourism Cooperation Plan, and regularly meeting representatives of other provinces and cities. As the Framework Agreement on Cooperation between Guangdong and Macao continued to be intensified and implemented, Macao strengthened its cooperation with Guangdong by co-organising major publicity programmes such as the Macao Week in Guangdong. Furthermore, the tourism authorities of Guangdong, Hong Kong and Macao also actively promoted multi-destination itineraries, co-organised tourism promotion activities in overseas markets, and participated jointly in local travel exhibitions.

On heritage conservation, cultural and creative industries, and the development of cultural tourism, the Government successfully completed the legislative process of the Cultural Heritage Protection Law, bringing success in the protection and continuation of intangible cultural heritage. Moreover, the Government made great efforts in the development of local cultural and creative industries by establishing the Cultural and Creative Industry Fund, and actively promoting the innovation and continuity of Macao’s culture.

On 18 October, the bill on Cultural Heritage Protection Law passed its first reading in the Legislative Assembly, marking a milestone in the conservation of cultural heritage. The bill was then studied and discussed by the Third Standing Committee of the Legislative Assembly. As the bill involved cultural heritage conservation values and the interests of multiple stakeholders, the committee launched a public exercise to collect views and opinions, which was a rare practice, in a bid to improve the bill.



To promote the development of the local cultural and creative industries, the Government actively explored room for cultural and creative development which included the establishment of the Macao Creative Pavilion, C Shop and Macao Fashion Gallery. Moreover, a Macao wedding customs museum, an art film cinema, and an outdoor café are to be included in the Ho Song I Tong Cultural and Creative Space and the architectural complex at the Lane of Romance (Travessa da Paixão), which are now under construction.

The research programme on the benchmarking system for assessing Macao's cultural and creative industries also achieved initial success in adopting a more scientific approach to the assessment of Macao's cultural and creative industries. The study focused on analysing existing statistics in relation to Macao's cultural and creative industries, as well as data that is yet to go through any statistical analysis, to establish a framework for a dedicated statistical system for Macao and allow comparison with other places, to facilitate monitoring of the development of the local cultural and creative industries.

Regarding conservation and promotion of intangible cultural heritage in 2012, Mazu (A Ma) belief and customs, Na Tcha belief and customs, Macanese Gastronomy, and Macanese Theatre (Theatre in Patuá) were included on the list of Macao Intangible Cultural Heritage. After several years of promotional effort, the conservation work of Macao intangible cultural heritage is gradually recognised, respected and joined by the public.

The Government also launched a number of restoration and reuse projects. Statistics show that more than 60 maintenance and revitalisation projects were launched in 2012, among which the Na Tcha Temple and Tung Sin Tong Historical Archive Exhibition Hall projects are already completed and open to public. Moreover, the Red Market Library has also opened to enhance the cultural environment of the community.

To reinforce local culture, the Macao Arts Festival was held to encourage local creativity. Over half of the arts festival programmes were performed by local art groups. As well as the Macao Literary Selection 2011, a new publication entitled Annual Selection of Macao Performing Art Reviews 2010-2011 was released.

Promoting gradual development of gaming and giving full support to convention and exhibition industries

The Government continued to implement a series of regulations and measures to regulate and control the scale and pace of development of the gaming industry in 2012, with the aim of supporting optimum growth in the sector.

To enhance the supervision of casinos, the recording of gaming data was completely computerised. Supervision of slot machines in casinos was strengthened by replacing on-site monitoring systems with parallel electronic and remote devices. Monitoring and control of the financial status of gaming concessionaires was also tightened and stock-taking of fixed assets was carried out as required. Gaming promoters were closely monitored by establishing a database of their shareholders, directors and major employees under the database of gaming promoters and their partners. The implementation of the cap on junket commissions was examined and the monitoring of sports lotteries and horse-racing tickets was enhanced. Auditing of gaming concessionaires in regard to the fulfilment of the Minimum Internal Control Requirements (MICR) was continued, and responsible gaming was promoted.

To further regulate the healthy development of the gaming industry and prevent problem gambling, the Regulation on the Conditions of Entering, Staying and Gaming in Casinos came into effect on 1 November 2012. According to the regulation, people under the age of 21 are forbidden to enter casinos, whereas anyone or his/her spouse, older family members, younger family members or relatives by blood within the second degree of kinship may apply for prohibition of his/her entry into casinos for up to two years. The Executive Council also concluded its discussion on the draft of the by-law on the Supply System and Requirements on Gaming Machines, Equipment and Systems, which set up strict requirements for the establishment of gaming machine parlours. According to the draft by-law, to improve the living environment of Macao residents, gaming machine parlours are only allowed to be set up in hotels rated five-star or above, buildings approved for non-residential use that are within 500 metres of a licensed hotel casino, or buildings for commercial and leisure purposes that are regarded as a tourist location not in a high density residential area.

Meanwhile, the Convention and Exhibition Incentive Programme was introduced to continue assistance and support for the planning and organisation of conventions and exhibitions in Macao. In addition, studies were conducted by the Convention Industry Development Committee and its sub-groups in order to formulate policies and measures to promote the development of Macao's convention and exhibition industry. In 2012, a total of 1,022 conventions and exhibitions were held in Macao, 23 fewer than the previous year. However, the



number of participants increased by 26 percent to 1,612,961.

In September, the Government signed the Agreement to Strengthen Cooperation of the Convention and Exhibition Industry with the Ministry of Commerce to enhance cooperation with the mainland's convention and exhibition industry. Last year, several respected mainland-branded conventions and exhibitions were held in Macao, including the Third China Catering Expo and the International Infrastructure Investment and Construction Forum. Moreover, the Government continued to establish Macao's brand conventions and exhibitions, and successfully held the Macao International Trade and Investment Fair (MIF), the Macao International Environmental Cooperation Forum (MIECF), the Guangdong and Macao Branded Products Fair, and the Macao Franchise Expo (MFE). The Government strongly supported industries to hold conventions and exhibitions, and to enhance connections between local conventions and exhibitions and major mainland events, to promote regional industrial cooperation. It also encouraged companies to organise and participate in local and overseas exhibitions, and created a favourable environment and platforms that facilitate diversified development of Macao's economy.

Actively support small and medium enterprises and reasonably coordinate human resources

Small and medium-sized enterprises (SMEs) are an important part of Macao's economic diversification. In 2012, the Government continued to implement and improve supportive measures for SMEs. Stronger financial assistance was offered to SMEs by increasing the upper limit of interest-free loans from 500,000 patacas to 600,000 patacas. The Government also continued to run the SME assistance scheme, credit assurance scheme and interest subsidy scheme on bank loans to enterprises, as well as to support the development of SMEs through the Commercial Development Fund. To remedy the manpower shortfall faced by SMEs, the Government accelerated the approval process for applications to employ non-resident staff.

The territory's steady economic development is attributed to a stable and efficient labour force. The Government has been facilitating the appropriate matching of human resources through training and employment and job-changing assistance, so as to promote local residents' job engagement and maintain a low unemployment rate, as well as to provide impetus to the development of enterprises.

In 2012, Macao's unemployment rate was 1.9 percent, a year-on-year decrease of 0.7 percentage points. In the fourth quarter, the median monthly income of the employed population was 12,000 patacas, an increase of 1,700 patacas year on year.

As at the end of 2012, the job-referral programme had provided instant job-referral services and employment assistance to 3,237 job seekers. Communication and cooperation between employers and employees was also strengthened to help balance supply and demand for manpower. Meanwhile, employment assistance was strengthened with the launch of the Employment Training Scheme for the Middle-aged and the Training Series for the Middle-aged to assist members of that age group who have low education levels to secure a job. To support upward mobility for the underprivileged, employers were encouraged to hire the disabled and relief training courses were continued. Meanwhile, applications for the import of labour were approved in strict accordance with the law, and the deployment of labour in local companies was monitored to protect local residents' employment rights.

Drawing on international practices to ensure the financial sector's stable development

The Government continued to monitor and supervise financial institutions. It drafted and promulgated the Guide to Application for Licences to improve the approval process for financial institution licence applications, and in July it promulgated the Law on Deposit Protection Scheme. As regards banking regulation, it drafted or revised relevant rules in a timely manner to ensure that local banks stick to prudent operation and proper internal controls as well as risk management in the face of changing circumstances. The New Capital Accord issued by the Basel Committee on Banking Supervision was implemented in phases, and the Guidelines on Declaration of Financial Information were introduced, raising the requirements for declaration of banking information. The Rules on Cash in Hand and Minimum Liquidity Requirements were revised in line with the implementation of the Macao Pataca real-time gross settlement (RTGS) system.

In terms of insurance regulation, the Government completed on-site inspections of insurance companies and on-site specific inspections of life insurance companies to prevent and combat money laundering and terrorist financing. In addition, several laws and regulations were amended, including the addition of provisions to the Law Governing Insurance Business and Regulations on Insurance Agents and Brokers. Meanwhile amendments to the Law on Insurance for Workplace Accidents and Occupational Diseases and guidelines on the governance of insurance companies were drafted. The website for insurance consumers was also launched and the manual for insurance consumers was tentatively completed.

Promoting regional cooperation and fulfilling Macao's function as a commercial and trade services platform

In 2012, the Government continued to actively promote regional economic integration and strengthen cooperation with mainland China and neighbouring regions, and established win-win relations with mainland China and Portuguese-speaking countries, advanced Macao's economic development and the quality of its commercial and trade services, thus progressively promoting adequate diversification of the economy.



In April 2012, the Eighth Supplementary Protocol to the Mainland and Macao Closer Economic Partnership Arrangement (CEPA) was officially implemented; while in July the Ninth Supplementary Protocol to the CEPA was signed between Macao and the Ministry of Commerce, taking effect

on 1 January 2013. A total of 48 service sectors have now been liberalised, among a total of 318 liberalisation measures.

To further demonstrate Macao's function as a service platform for commercial and trade cooperation between China and Portuguese-speaking countries, the Government actively promoted cooperation between Macao and various mainland provinces and cities. On the foundation of the Framework Agreement on Cooperation Between Guangdong and Macao, cooperation in the convention and exhibition industry and among SMEs of Guangdong and Macao on intellectual property and finance were strengthened. Arrangements were made for enterprises of the two regions to visit Portugal and Italy to promote investment. Delegations were also sent to participate in economic and trade events in the Pan-Pearl River Delta (PPRD) region.

Moreover, the Government also strived to construct a platform for the cooperation between the PPRD region and the international environmental industries, and through which the enterprises in the PPRD region could open up overseas markets in Portuguese-speaking countries and the European Union. The Government also further fostered economic and trade exchange and cooperation between Macao and mainland provinces and cities such as Fujian, Chongqing and Anhui.

Joining hands for regional planning and promoting development of major infrastructure

In the positive environment under the Framework Agreement on Cooperation between Guangdong and Macao, cooperation between the two regions in the economy, society and people's livelihoods has achieved new progress. Through active participation in the development of key areas such as Hengqin and Nansha, Macao has further improved its development structure, enhanced planning and accumulated experience, thus laying a solid foundation for effective cooperation in the next stage.



To implement the framework agreement and step up efforts to promote Guangdong-Macao cooperation, the 2012 Memorandum of Understanding on the Implementation of CEPA to Promote Guangdong-Macao Cooperation was signed in February to foster cooperation between the service sectors of the two regions. Meanwhile, both sides continued to facilitate the development of Hengqin and actively assisted local chambers of commerce and associations to organise visits to Hengqin.

As one of the major projects in the development of Hengqin, work on the Guangdong-Macao Chinese Medicine Industrial Park has been progressing smoothly. In 2012, completed aspects included bidding for land use rights, transferring the land and making relevant payments, writing

and submitting the business planning report, and the first stage of construction. Cooperation between Guangzhou and Macao in the development of Nansha has also made progress, and cooperation between the two in economic and trade strengthened.

In 2012, the Government further pursued the establishment of the Major Action Plan for the Bay Area Development of the Pearl River Estuary, the Macao and Zhuhai Collaborative Development Plan and the Pearl River Estuary West Bank Development Plan, strengthened coordination and planning with Zhuhai Municipality and the Pearl River Delta (PRD) region in respect of urban planning, infrastructure, customs clearance, public services, industrial layout and ecology, developed the Zhuhai-Macao Metropolitan Area with its pleasant ecological environment, inter-connected public services, coordinated industrial development and convenient working and living environments, fulfilled Macao's function as a world tourism and leisure centre and a commercial and trade services platform, strengthened Macao's momentum towards adequate economic diversification, and developed a hinterland for such diversification.

In 2012, the construction of the new Hengqin campus of the University of Macau made good progress. However, in view of the collapse in July of the section of the cross-river tunnel connecting to Henqin, the Infrastructure Development Office emphasised that safety and quality remained the Government's highest priorities, and thus required the contractor to submit a new, feasible project plan in order to safeguard the quality and safety of the project. The contractor also had to assume all responsibility for any loss or delay in works resulting from the incident. At the end of 2012, construction of all individual buildings within the campus has entered the final stage. The construction of the major structure of the cross-river tunnel was also completed in January 2013.

To relieve the workload of customs clearance, the governments of Guangdong and Macao announced a new border-crossing project in 2012, followed by a joint application and report to the Central People's Government, discussion of the implementation of the project with relevant ministries, and active preparation for various studies at the initial stage.

In support of the completion of the Hong Kong-Zhuhai-Macao Bridge, the Hong Kong-Zhuhai-Macao Bridge Border-crossing Policy Research and Coordination Group was formed by the governments of the three cities to carry out studies of various proposals related to movement across the border and to push forward relevant works on both sides. In regard to cross-border transport, studies were launched of the public transport system and the feasibility of Macao-registered motor vehicles moving between Macao and Hengqin; interoperability of fare cards between Macao and the other two cities was promoted, and liaison and communication was strengthened to facilitate mutual recognition of driving licences, in an effort to implement relevant management solutions and measures within 2013.

On the support offered to Sichuan, all 103 reconstruction projects in which the Government participated were completed in 2012. It only remains to perform final review and assessment of the project audit reports to ensure that the projects were constructed in accordance with the goals and requirements of the Government, and that quality and safety are up to the national standard.

Launch consultation on population policy to support development and strengthen human resources

In tandem with the stable development of the economy and society, we must enhance the overall

strength of Macao's population and attach importance to leveraging the advantages of Macao's talent pool, in order to promote economic and social development in line with the enhancement of local residents' benefits and welfare. In support of the implementation of the development blueprint, the Government's population policy will embrace the vision to enhance population quality, improve population structure, upgrade overall strength of human resources, promote quality of life, and ultimately achieve Macao's sustainable development goals.

After comprehensive analysis of the 2011 Population Census results and further specific studies, the Policy Research Office has kicked off a public consultation on Macao's population policy framework. The Government would consolidate and summarise the comments collected from various sectors of the community and carefully formulate population policy that meets the needs of Macao's development.

The three-month public consultation on Macao's population policy framework was launched in November to collect opinions and suggestions from different sectors with the aim to reach social consensus. A number of briefing sessions were organised by the Policy Research Office during the consultation period to collect opinions and suggestions on Macao's population policy framework directly from the public. The Policy Research Office has made full record of and compiled the public views collected during the consultation sessions on issues such as ageing population, management of non-resident workers, supply of professional workers, population quality, population scale and carrying capacity of the population, to facilitate in-depth studies on population policy conducted by the Government, and to provide reference for relevant departments in formulating policies and measures.

Successful progress in constitutional development and continued improvement in public administration

Completion of five-step law amendment marks a major step forward on constitutional development

Macao's constitutional development made significant progress in 2012. The five-step law amendment process to revise the methods for selecting the Chief Executive and forming the Legislative Assembly was completed, representing a major advance in Macao's constitutional development, as well as demonstrating successful implementation of the principle of "One country, two systems."



Constitutional development was a major focus of the Government's agenda in 2012. In the course of looking for election methods that suit the social characteristics of Macao, the Central People's Government has given its full support to Macao while the Government has adhered strictly to the relevant requirements of the Basic Law of the Macao Special Administrative Region. Based on the interpretation and decision of the Standing Committee of the National People's Congress (NPC) and taking into consideration the practical situation of Macao, the Government has secured mainstream consensus after the consultation period, and started the amendment process of the selection and formation methods for the Chief Executive and Legislative Assembly respectively.

On 31 December 2011, the Standing Committee of the NPC passed the bill on the Interpretation of Article 7 of Annex I and Article 3 of Annex II of the Basic Law of the Macao Special Administrative Region (the "Interpretation"), thus officially establishing the five-step process to revise the methods of selecting the Chief Executive and forming the Legislative Assembly. During the one-month initial public consultation, the Government received a total of 2,692 submissions of opinions and suggestions. After considering mainstream opinion from various sectors of society and the general public, the Chief Executive submitted a report to the Standing Committee of the NPC on 7 February 2012. On 29 February, the Standing Committee of the NPC adopted a decision on the methods for forming the Legislative Assembly of the MSAR in 2013 and selecting its Chief Executive in 2014 (the "Decision").

Constitutional development is closely related to the daily life of Macao people, and the Government attaches great importance to the support and participation of the general public. Public opinion was widely collected through various consultation channels, and consideration given to the interests of different sectors of society, in order to reach community-wide consensus.

In accordance with the Basic Law and the Interpretation and the Decision passed by the Standing Committee of the NPC, the Government published its consultation paper on Macao's constitutional development, and on 10 March 2012 launched a 45-day public consultation on the methods for forming the Legislative Assembly of the MSAR in 2013 and selecting its Chief Executive in 2014. A total of ten consultation sessions were organised, which enabled the Government to better understand public opinion through direct conversation. During the consultation period, the Government received 165,247 submissions of opinions and suggestions from different sectors of society, various community groups and organisations, as well as the general public.

With regard to the method for selecting the Chief Executive in 2014, among the 153,092 submissions collected, 133,431 supported increasing the membership of the Chief Executive Election Committee from 300 to 400. In regard to the allocation of the newly added seats in the Election Committee, of the 54,100 submissions, 28,362 were for increasing the numbers of seats for the professional, labour, and social services sectors. As for the method for forming the Legislative Assembly, among the 159,837 submissions collected, 138,251 supported the idea of having two additional directly and indirectly elected legislators, with the number of appointed legislators remaining the same.

After concluding and analysing the opinions collected, the Government accordingly tabled the draft bill of amendment to the method for the selection of the Chief Executive, and the draft bill of amendment to the method for the formation of the Legislative Assembly. The former suggested that the number of members in the Chief Executive Election Committee be increased from 300 to 400; while the latter suggested adoption of the "adding two to each" proposal, meaning that the

fifth Legislative Assembly formed in 2013 would have 33 members, with the number of directly elected legislators increased from 12 to 14, the number of indirectly elected legislators increased from 10 to 12, and the number of legislators appointed by the Chief Executive remaining at seven.

The bills were endorsed by a two-thirds majority of the Legislative Assembly on 5 June 2012. On 30 June 2012, the bill on the Amendment to Annex I of the Basic Law: Method for Selecting the Chief Executive of the Macao Special Administrative Region and the bill on the Amendment to Annex II of the Basic Law: Method for Forming the Legislative Assembly of the Macao Special Administrative Region, were approved and officially recorded by the Standing Committee of the NPC, signifying the successful completion of all legislative procedures for the amendment to the methods for selecting the Chief Executive and forming the Legislative Assembly.

The Government considers that its first initiative in proposing appropriate amendment to the methods for selecting the Chief Executive and forming the Legislative Assembly was an important step in the constitutional development of Macao, which would have a positive impact on the maintenance of a stable political system and improved democratic elements in the constitution of Macao, on effective practice of executive-led government, on balancing the interests of different social strata and sectors, and on securing the long-term prosperity, stability and development of Macao.

The Government immediately started legislative work relating to the selection and formation methods to implement the decision made by the Standing Committee of the NPC and the results of the initial consultation. On 29 August 2012, the bill on the amendment to the Chief Executive Electoral Law and the Legislative Assembly Electoral Law passed their second readings in the Legislative Assembly, providing a legal basis for the Legislative Assembly Election in 2013 and the Chief Executive Election in 2014.

Promotion of voter registration and measures to enhance convenience

To better prepare for the 2013 Legislative Assembly Election, the Government set up an election promotion task force, which coordinated and launched a series of publicity campaigns to improve public understanding of the amended Chief Executive Electoral Law and Legislative Assembly Electoral Law. Since October, the Public Administration and Civil Service Bureau has extended its voter registration services for the



convenience of local residents, including setting up mobile voter registration counters at various locations in Macao every day, providing voter registration services at the Public Administration

and Civil Service Bureau, Government Integrated Service Centre and various public services centres on Saturdays and Sundays, visiting tertiary institutions and secondary schools to register teachers and students as voters, and setting up registration counters at events organised by non-profit-making organisations.

Statistics show that in 2012, the Public Administration and Civil Service Bureau received 26,909 applications for natural person voter registration, among which 2,102 were eligible advance applications from permanent residents who reached the age of 17. By 31 December 2012, the number of natural person voters was 277,153 (including those under the age of 18 who completed the registration in advance), an increase of 10.18 percent compared with the figure of 251,542 on 31 December 2011. In 2013, six legal person voters were newly entered into the register of voters.

Ensuring effectiveness of consultation guidelines and acting as a bridge between the Government and communities

In 2012, the Government continued to uphold the “Putting people first” principle in the administrative and judicial aspects by implementing and promoting a series of measures in regard to public administration, development of the legal system and civic and municipal affairs.

After the Standard Guidelines for Public Policy Consultation came into effect, various stages of consultation were carried out by different public departments as required. The Public Administration Reform Coordination Committee performed its coordination role by following up on the implementation of various consultation projects, communicating with different departments, and providing assistance to them to ensure effective implementation of the guidelines. The merging of the Public Administration Reform Consultation Committee and the Public Administration Reform Coordination Committee enabled the Government to strengthen internal coordination and enhance communication with the community.

The 15 special panels under the Community Services Consultation Committee cooperated with various public services centres, acting as a bridge between the Government and the community. As an important channel for direct communication between the Government and residents, the functions of community seminars have become more significant. The Community Services Consultation Committee organised direct discussion sessions with local residents, during which they explored, exchanged and followed up on issues such as environmental hygiene, food safety, urban infrastructure and public facilities management. In 2012, the Community Services Consultation Committee reported 364 cases, of which 261 were handled or settled, and among which 104 involved several departments. In addition, the 345 submissions received during the 12 community seminars were all followed up on.

Implementation of central recruitment system and central promotion and training scheme

The implementation of the central recruitment system and central promotion and training scheme in response to changes in society and the demands of local residents has made management of human resources in public administration more systematic, standardised and transparent, demonstrating

the principles of fairness, impartiality and openness in human resource management, as well as enabling better coordination and management of civil servants.

The central recruitment system was applicable to a total of 34 general and specific positions. According to Executive Order No. 230/2011, central recruitment and selection should be conducted for senior technician and technical assistant posts at the first stage.

In 2012, with reference to the Government's recruitment plan for the next three years, the Public Administration and Civil Service Bureau completed its analysis of the recruitment and requirements for the positions of technical assistant and senior technician, applicants for which would have to take a central examination. In August, recruitment procedures for the positions of technical assistant in general administrative support, administrative support in public reception and information technology, which included application, examination of relevant knowledge and professional interview, were undertaken to fill 128 vacancies in 30 public departments. According to the published list of candidates, a total of 14,051 people sat the central recruitment 'general knowledge' examination.

The implementation of the Rank and Grade System for Civil Servants and the Recruitment, Selection and Training for Promotion of Civil Servants linked the training of civil servants with the central promotion scheme. The formulation of the training route map enabled civil servants to enhance their capabilities in accordance with various policy objectives, job nature and their career development through fundamental, consolidation, upgrading and continuing courses. The training route map offered two main course types – compulsory and elective. In 2012, eight targeted promotion training courses were organised for 250 civil servants due to be promoted in 2013.

The Civil Servant Training Centre opened in February 2012 with responsibility for consolidating resources and improving course organisation. Courses offered by the centre enable civil servants to receive systematic and tailor-made training, to strengthen their overall administrative ability.

In 2012, the Civil Service Pay Council, composed of the relevant government departments and a number of civil service associations, was established with the aim to perfect the civil service remuneration system and establish a scientific and reasonable adjustment mechanism for civil service salaries. After considering various factors, the council put forward a proposal for salary adjustment for civil servants in 2012, which was submitted to the Executive Council and the Legislative Assembly for discussion and examination. With the bill on the adjustment to civil servants' salaries and pensions passed in May, each point on the civil service salary scale increased from 59 patacas to 62 patacas.

Regarding the judicial aspect, the Government prioritised the formulation of regulations concerning people's livelihoods according to their importance and urgency.

In 2012, the Government submitted 14 bills to the Legislative Assembly, of which nine were in the legislative plan and five were non-planned items. A total of 17 bills passed their second reading in the Legislative Assembly, including the Law Governing Video Surveillance in Public Places, the Deposit Protection Scheme, the amendment to the Chief Executive Electoral Law (Law No. 3/2004), and the amendment to the Legislative Assembly Electoral Law (Law No. 3/2001).

Furthermore, 26 by-laws were promulgated by the Chief Executive, including the Wealth Partaking Scheme for 2012, the amendment to the SME Assistance Scheme and the Deposit Protection Fund.

In regard to the review and amendment of major legal codes, the bill on the amendment to the Criminal Procedural Code passed its first reading in the Legislative Assembly. Regarding the amendment to the Civil Procedural Code, preliminary analysis, data collection and studies of comparative law were completed, with emphasis on enhancing judicial efficiency, simplifying legal proceedings, and better allocating judicial resources. The consultation paper regarding amendment of the Contract System was also ready for consultation.

Promoting the Basic Law was a major task in the field of law promotion. The government departments concerned made use of favourable elements in society, and integrated the government's information networks with those of the community to organise various publicity activities to raise awareness among Macao residents of the Basic Law. These activities include fun fairs, academic seminars and Basic Law training courses,



a photo exhibition cum quiz game in Anhui to commemorate Macao's reunification with the motherland, a series of seminars and lectures on the Basic Law co-organised with Anhui University, promotional activities in schools, library events and panel displays. Moreover, the construction of the Commemorative Gallery of the Macao Basic Law was expedited and the content of the exhibition was enriched in order to develop a base for the promotion of the Basic Law.

Improving social welfare and securing people's well-being

In 2012, the Government gave priority to the improvement of people's livelihoods and social welfare, and implemented and enhanced a number of policies to safeguard and improve people's standard of living, which involved a total expenditure of over 10 billion patacas. Projects such as the development of the Light Rapid Transit (LRT) system, road networks, and drainage systems were completed, which further enhanced the living quality of local residents and created a more livable environment and a brighter future for Macao.



In light of high inflation in recent years, the Government continued to share the wealth by implementing short-term measures to help the population cope with the hard times. It also gave further financial and policy support to the underprivileged and families with difficulties to support their living.

Long-term social security planning and short-term measures to share wealth

On 12 April, the Executive Council announced the Wealth Partaking Scheme 2012, under which each permanent resident and non-permanent resident received respectively 7,000 patacas and 4,200 patacas. Around 540,000 permanent residents and 70,000 non-permanent residents benefited from the scheme, involving a total of 4.123 billion patacas.

At the same time, the Government raised the minimum subsistence index by 0.6 percent in January and by another five percent on 1 July, with that for a one-person household increased to 3,300 patacas. In addition, the Government took a series of social security measures such as raising the income ceiling for applicants for the Short-term Food Assistance Programme, and increasing the level of special subsidies to the three categories of underprivileged families. In January and September, an extra one-month full subsidy was disbursed to more than 5,000 families who had registered with the Social Welfare Bureau to receive financial assistance. At the end of July, the Old-age Allowance was raised to 6,000 patacas for each eligible senior citizen. Meanwhile, the Government continued to provide financial allowances to eligible low-income, full-time employees. Starting from 1 October, the electricity fee subsidy to each residential household was increased from 180 patacas to 200 patacas per month.

In 2012, the Government waived rent payments for all 7,300 public housing tenants for one year. From 1 September 2012 to 31 August 2013, temporary housing subsidies at a level increased by eight percent were provided to eligible families on the waiting list for public housing. Since its first disbursement in 2008, a total of 223 million patacas of temporary housing subsidies has been offered, helping more than 7,110 families. Moreover, the Government has striven to make the supply of public housing more effective, increase the number of residents who benefit, and loosen the eligibility criteria for elderly households to apply for public housing by amending the Public Housing Application Regulations.

On 13 November, Chief Executive Chui Sai On delivered his fourth Policy Address, and for the first time, eased the pressure on middle-income earners with a tax rebate to support upward mobility for residents. Various temporary subsidies were also provided to alleviate the burden of inflation on all social sectors.

To combat inflation, the Government organised and assisted the food industry to broaden its sources of supply. To maintain stable food prices, an inter-departmental working group on food prices was established to conduct research on the import, wholesaling and retailing of food, and release information on food prices in different districts in a timely manner. A website was also launched jointly by a number of departments to release updated and comprehensive information on food prices.

In regard to long-term social security measures, two years have passed since the law on the Social Security System (Law no. 4/2010) was promulgated, and by the end of 2012, about 60,000 people had received their pensions. The allocation of the Central Provident Fund for 2011 started in July, and it was estimated that about 320,000 residents were eligible to receive the funding. On 10 August, the Government decided to inject a total of 37 billion patacas into the Social Security Fund over the next four years. On 25 September, 6,000 patacas were injected into the Central Provident Fund account of every eligible Macao resident.

However, the Government injection into the Social Security Fund alone is insufficient to maintain a sound social security system. Therefore, on 5 December, the Government proposed to raise the pension contribution and adjust the contribution proportion, aiming to achieve equal contributions by employers and employees within the next four years, to further improve the two-tier social security system.

Improving public hygiene and building a livable city

The newly amended Prevention and Control of Smoking Law entered into force on 1 January 2012, banning smoking in all indoor public places. Through legislation, law enforcement, education and encouraging people to quit smoking, the Government's commitment to building a smoking-free environment was rewarded with a promising start.

The new law penalises the following acts: smoking in prohibited places, selling cigarettes that are not labelled or packaged in accordance with the law, selling tobacco products to people who are under 18 years of age, and not posting anti-smoking signs in public places in accordance with the law. The Health Bureau, the Civic and Municipal Affairs Bureau, the Gaming Inspection and Coordination Committee and the Security Police are responsible for safeguarding the health of local residents and tourists within their purview. By the end of 2012, a total of 8,384 penalty tickets had been issued to violators of the new law. The law was enforced strictly to ensure its deterring effect.

The Government proactively liaised with gaming operators in 2012 to extend the smoking ban to all casinos and allow casinos to apply to designate not more than 50 percent of their floor areas as smoking areas in accordance with the new law. In October, Executive Order 296/2012 - Requirements on Gaming Areas in Casinos, entered in force. All applications from casinos to set up smoking areas must be reviewed cautiously and thoroughly by several government departments. A long-term mechanism for overseeing and inspection has also been established to ensure casinos comply with the requirements of the aforementioned executive order.

Between September and October in 2012, 23 local cases of dengue fever were confirmed. In light of the possibility that the disease might spread in Macao, the Government activated the level-III Civil Protection Master Plan on 26 September. The Civic and Municipal Affairs Bureau and the Health Bureau instantly conducted anti-mosquito operations in the areas within 200 metres of the residential and working places of the patients, which raised public awareness of the need to keep a clean environment and prevent the spread of dengue fever.

As an important part of its social welfare policies, in 2012, the Government made great efforts to develop software and hardware facilities for medical and healthcare development. The

Government expedited the construction of medical service facilities, among which the expansion of the Emergency Services Building of Conde S. Januario Hospital is almost complete. Through transitional measures and comprehensive arrangements, such as strengthening cooperation with not-for-profit medical institutions, medical and healthcare services are ensured in spite of the adjustment of the completion time of the Islands District Medical Complex and the new health centres.

In the second half of 2012, the Health Bureau proposed to create an electronic patient record system to share patient records among different medical institutions in Macao. In the first stage, patients' records of government medical institutions, Kiang Wu Hospital and the University Hospital were compiled. Integrated community wards also started operation in July 2012. In view of economic and social changes, the Health Bureau further strengthened medical and healthcare services for the elderly through the provision of integrated community wards, reorganisation of the triage system for emergency services, extension of service hours of the Chinese medicine, acupuncture and oral healthcare outpatient services, and through the recruitment and training of additional staff. All these played an important part in strengthening the healthcare system of Macao and improving overall social welfare and health protection for local residents.

Continued enhancement of the coverage and quality of education

Since reunification, the Government has continued to increase resource investment in education. By 2012, as well as the 15-year free education policy implemented since 2007 and the gradual increase in the levels of subsidies, the Government also secured improved working conditions for teachers in terms of system, professionalism and resources, to enhance every aspect of education policy.

Regarding tertiary education, on 6 February, the Government promulgated the by-law regarding the stationery allowance for tertiary students for the 2011-2012 academic year (By-law No. 4/2012). Every Macao tertiary student studying in Macao or overseas now receives an allowance of 2,000 patacas upon registration. Over 35,000 students benefited, and the total expenditure involved was about 66 million patacas.



The Government significantly strengthened its support for the development of tertiary education and attached great importance to the fostering of talent in various disciplines. By disbursing allowances to tertiary students studying in Macao and overseas, the Government improved the database of Macao tertiary students, thus securing information about the academic disciplines of tertiary students, and enlarging the network of talent by facilitating liaison between relevant departments and talented individuals based locally and overseas.

At the end of December, the Tertiary Education Services Office announced the building of a

talent database with the information collected during registration for the stationery allowance by tertiary students. Analysis of three aspects, namely the current situation, the demand for and the supply of talent, were carried out to provide references for the Government to formulate policies for tertiary education and other areas. Such information also helped the public, students, parents and various sectors in society to make objective and scientific decisions based on the demand and supply of talent in the future market.

With regard to the reserve and supply of talented individuals, during the period from June to August 2012, the Tertiary Education Services Office conducted a survey of the study and career aspirations of final-year students at Macao tertiary institutions. Together with the usual length of tertiary education programmes and the application rate for the stationery allowance for tertiary students, the Tertiary Education Services Office worked out the number of graduates who would enter the local market in the years ahead. In addition, the Tertiary Education Services Office commissioned several tertiary institutions in Macao to conduct studies of the overall future demand and the demand of specific industries for talent, so as to collect accurate data for the further enhancement of the talent database.

The Government also increased support for students by raising the quota and amount of scholarships offered to postgraduate students and cooperating with relevant departments to make transitional arrangements while adjusting the various scholarships for tertiary students.

Furthermore, the Policy Address also stated clearly that the Tertiary Scholarship Scheme would be further adjusted and improved to ensure that family financial circumstances would not limit the opportunities for young people to pursue tertiary education. To this end, an Executive Order was published on 12 March to increase the quota and amount of student loans and scholarships to benefit more than 10,000 tertiary students starting from the 2012-2013 academic year. Total expenditure on the scheme was about 390 million patacas, an increase of 56 percent.

At the same time, the Government actively promoted legislation relating to Macao's tertiary education system, and began the drafting of relevant regulations to develop the tertiary education system; followed up on the introduction of a joint entrance examination for universities in Macao and coordinated the relevant preparatory task forces to hold discussions. The Government also coordinated with various tertiary institutions to submit information for the compilation of a report on the quality assurance of Macao's tertiary education, which has been submitted to the education authority of Taiwan to seek qualification recognition of more Macao tertiary institutions.

The budget for non-tertiary education reached nearly 4.16 billion patacas in 2012. However, on 24 February, the Government proposed to further increase the free education subsidy per class by 6.1 to 6.9 percent for the 2012-2013 academic year on the plenary meeting of the Non-tertiary Education Council. The total expenditure involved in this proposal increased by 7.2 percent compared with that for the 2011-2012 academic year. Other subsidies were also increased.

In September, the Government further proposed to extend school fee subsidies to cover Macao high school students studying in Zhuhai and Zhongshan, and to organise summer courses on the cultural and social development of Macao for these students, in order to devise policies for the benefit of the people, promote Guangdong-Macao cooperation, as well as work towards the goal of perfecting every aspect of Macao education policies.

These proposed measures were expected to be implemented in the second term of the 2012-2013 academic year. A subsidy of 17,000 patacas per academic year will be credited to the accounts of the parents or schools in Zhuhai for every eligible student. The governments of Macao and Guangdong have held several meetings to discuss relevant details, before deciding to launch a pilot scheme in high schools in Zhuhai and Zhongshan. The numbers of Macao high school students studying in Zhuhai and Zhongshan were estimated at about 500 and 300 respectively.

The Government also progressively implemented policies and measures under Macao's ten-year plan for non-tertiary education 2011-2020, among which the bill on the Framework for Private School Teaching Staff was passed by the Legislative Assembly on 29 February. On 19 March, the Government promulgated the provisions of the bill and announced that it would take effect from the next academic year. The aims of the bill were to secure a quality teaching team and ensure the effectiveness of the non-tertiary education provided by private schools, through upgrading the professional standards of teachers and ensuring their job security.

To support the implementation of the framework, the ranking system for teachers at private schools providing non-tertiary education was introduced and approved by an Executive Order dated 13 August, with retrospective effect from 1 April. On 22 August, another Executive Order was promulgated by the Government to appoint all 13 members of the Teaching Staff Professional Committee, with the Director of the Education and Youth Affairs Bureau as the Chairperson, with school management, teachers, representatives of educators and government officials forming the rest of the committee. Four teacher members and four alternate members were elected by education groups. The major responsibilities of the committee are to draw up a professional code of practice for teaching staff and to define the requirements for the number of professional development hours for teachers.

Following the passing of the Framework for Private School Teaching Staff, professional development subsidies for teaching staff and plans to refine student-teacher ratios were implemented progressively. Attributed to the framework, the number of teaching sessions per teacher per week was reduced and the demand for teaching staff increased in the new academic year. All these helped to create better conditions for healthy development of Macao's education system.

The establishment of the framework also encouraged the education sector to formulate a professional code of practice for teachers, motivate teachers at public and private schools in Macao, promote their professionalism and upgrade their professional standards, as well as help them to gain recognition by the community. After half a year of extensive consultation, the professional code of practice for teachers was officially introduced in November.

Response to demand for public housing and introduction of policies to stabilise property market

The Government was aware of the overheated state of the property market, and put forward a series of policies and strategies in 2012 to meet the policy objective of enabling and encouraging residents to own their home.

In 2012, the Government expedited the construction of public housing, and made an advance

allocation and arrangements for successful applicants to move in gradually. There were around 4,189 completed housing units, with a further 15,071 under construction, a total of 19,260 available units. Under the “post-19,000 units” public housing programme, land had been reserved for the provision of more than 6,000 further units, among which plans were in place for 3,800 units, and relevant tender invitation procedures had also commenced.



In April, the Executive Council published the draft law on the sale of uncompleted residential units, and proposed to establish a system for the pre-sale of uncompleted residential units and the regulation of associated sale and purchase agreements. On 24 May, the Government announced plans for the first public housing projects under the “post-19,000 units” public housing programme at Lot 1, 2, Bairro da Ilha Verde; and on 6 July it introduced the second project at Northeast Road, Taipa.

On 4 June, the Housing Bureau announced the ratio of public housing units to Home-Ownership Scheme housing units under the “post-19,000 units” public housing programme. On 20 August, the sale prices and shortfall repayment ratio of and the pre-sale arrangements for the public housing at Lot 4, Bairro da Ilha Verde were announced, so that families on the waiting list could gradually move into their new homes.

On 12 October, the Government launched a further series of policies and measures, which addressed the housing problem from three perspectives, namely managing demand, increasing supply and improving the market mechanism. Eight measures were formulated in four directions – the loan-to-value ratios for mortgages, taxation, pre-sale of uncompleted flats and increased supply of residential units.

To prevent property speculation by foreign capital, acquisition costs for non-resident flat buyers were increased and restrictions on their taking out mortgages were tightened. The scope of the law on the Special Duty on Transfer of Immovable Property for Residential Purposes was extended to cover shops, offices and parking spaces. On 24 October, an amendment to the law was passed by the Legislative Assembly via an emergency procedure. At the end of the month, new regulations on the special stamp duty and extra stamp duty levied on the resale of immovable property came into effect.

Revamping road networks to facilitate convenient commuting

To improve the overall living environment of local residents, the Government strived to create a harmonious and livable city through the sustainable development of transportation networks,

environmental protection and improvements to living space.

The General Road Traffic and Transport Policy of Macao reached the end of its first phase in 2012. Priority was given to the revamp of public transport system and relevant improvement measures. Since the introduction of new bus services a year earlier, the number of passengers reached a record high, with bus service frequency increased by some 36 percent. To ensure effective supervision of bus operations, a service appraisal system was introduced, a platform for the direct involvement of passengers was constructed, and the Transport Advisory Committee as an interactive platform was fully implemented to collect community views. The year also saw the granting of 200 new eight-year taxi licences through open tender.

As the trunk system for future road transport, the Light Rapid Transit (LRT) is key to long-term traffic improvements in Macao, and is a milestone in the territory's transport development. In 2012, the LRT entered the construction stage with the commencement of three sections in Taipa (urban Taipa section, Cotai section and Taipa Terminal) and the commencement of building of the LRT depot. Furthermore, public presentations on the routes and the detailed design and improved facilities at the stations of the two sections on the Macao peninsula (South Sai Van Lake section and Outer Harbour section) were also held. The contractor began to work on the improvement project of the Sai Van Bridge in the second half of the year, following finalisation of the design.

To meet the schedule of the LRT Phase 1 project, construction of the public transport interchange at Estrada Governador Albano de Oliveira in Taipa has commenced. During the construction phase of the LRT project, enhanced comprehensive planning of the traffic system in the area was implemented to improve connectivity between LRT stations and other transport modes, especially bus and taxi services.

The Government maintained its efforts to expand the road network, such as through opening Rua Lei Pou Chon, connecting Avenida do Ouvidor Arriaga with Rua Nova do Patane and Ilha Verde, revamping the road network around Avenida Marginal do Lam Mao, and extending Avenida Marginal do Patane.

Road crossing facilities for pedestrians were also improved and barrier-free walkways were constructed in phases. The walkways crossing Estrada da Baía de Nossa Senhora da Esperança were opened for use in 2012, and the construction of underground carriageway connecting Estrada da Baía de Nossa Senhora da Esperança and Avenida Wai Long in Taipa entered its most significant stage.

To complement the completion of public housing projects, community facilities in those areas were improved. For instance, the first recycled water pipeline network will be completed for the public housing project at Seac Pai Van.

The Government completed the construction of Iao Hon Market Complex and arranged for hawkers to move in. The improvement project of S. Lourenco Market was also completed. Renovation projects on the exterior of Iao Hon Market and Mercado Municipal Horta da Mitra, the hawker areas at Rua Sul do Mercado de S. Domingos, Rua Norte do Mercado de S. Domingos, and Fai Chi Kei were also commenced as scheduled. Meanwhile, the redevelopment plan of the

Five Streets – Rua da Emenda, Rua do Lu Cao, Rua de Brás da Rosa, Rua de Tomé Pires and Rua do Rebanho – was implemented in phases. Part-time pedestrian zones were set up to eliminate potential safety hazards and maintain order in the hawker areas, creating a safe and comfortable living and business environment for residents and retailers.

In the realm of environmental protection, the Government introduced a number of new policies and initiatives in 2012 to ensure healthy development of the living environment in Macao. For instance, through continuous improvement the leakage rate of water pipelines dropped to about 8.8 percent reaching the goal set in the Macao Water Conservation Plan.

Several environmental protection policies such as the by-law on Standard Limits of Exhaust Emissions for Imported New Vehicles were introduced, and efforts were made to educate the public to make efficient use of resources and to encourage society to use renewable energy.

In February, the solar photovoltaic system pilot project at Edifício Hou Kong commenced operation. At the same time, the natural gas pipeline network, which helped to safeguard the energy supply necessary to meet the demands of Macao residents, officially came into use.

Improving coordination and response capability to cope with emergencies

The Sin Fong Garden incident in October demonstrated the Government's efforts in enhancing its emergency response mechanism as well as its determination to put people first in tackling problems.

On 10 October 2012, cracks were found in the main columns of the 30-storey residential building Sin Fong Garden, prompting an evacuation of 140 households. The Government was highly concerned about the incident and Chief Executive Chui Sai On kick-started an inter-departmental response mechanism following an on-site inspection in person of the scene.

The Lands, Public Works and Transport Bureau immediately requested the adjacent construction site to cease operation, and required the contractor to take provisional measures to reinforce the building's structure. After confirming that the building was not in imminent risk of collapse, the residents of Sin Fong Garden were allowed to enter the building in batches to fetch basic necessities from their homes. Emergency subsidies were later disbursed by the Social Welfare Bureau to the affected residents for their immediate needs. At the same time, the Lands, Public Works and Transport Bureau continued to monitor and examine the building, and commenced long-term structural strengthening works to ensure the safety of the residents of the neighborhood.

In handling the incident, the Government stressed that public safety was the first priority and great importance was attached to seamless cooperation in the inter-departmental response mechanism. Following this incident, the Emergency Response Committee headed by the Chief Executive was established. It is charged with coordinating, instructing and monitoring public entities in handling all kinds of emergencies in a bid to raise the Government's response capability.

Strengthening efforts to combat crime and reinforcing civil protection

The Government also intensified its efforts to prevent and combat crime by taking a multi-pronged approach to build a livable Macao in good public order. In 2012, Macao was ranked China's safest city according to the China Urban Competitiveness Report, issued by the China Institute of City Competitiveness.

In 2012, emphasis was put on the enhancement of intelligence network by Macao's public security authorities, which worked actively with overseas police forces in intelligence exchange. In cracking the two fraud cases involving a fake casino in February and March, 23 suspects were arrested following extensive intelligence analysis and surveillance operations.



Moreover, to ensure a timely response to gaming-related crime, the Judiciary Police made adjustments to the organisation and resources deployment for prevention, investigation and combating of such offences, which included restructuring human resources, reforming emergency response mechanism, and setting up a special inspection team to carry out round-the-clock patrols in all casinos in Macao. Since the introduction of the new mechanism, initial success has been achieved in deterring and preventing gaming-related crime.

The Government also paid close attention to the improvement of public security hardware. After the Law Governing Video Surveillance in Public Places came into effect on 19 April 2012, video surveillance cameras were installed in three phases at border checkpoints, transport interchanges and crime black spots to combat crime such as arson, vehicle theft and pickpocketing.

On 11 July, the Secretary for Security approved the installation and 24-hour operation of 1,353 video surveillance cameras at various border checkpoints, public security departments, the Golden Lotus Square, the Guia Lighthouse, Rampa do Observatório da Taipa Grande and Alto de Coloane Road. In order to protect the privacy of Macao people, these cameras are only permitted to video-record at fixed positions and the recording and collection of sound is forbidden. It is not permitted to video record or focus on private places.

To combat drug trafficking, public security authorities continued to strengthen law enforcement actions at the airport to stop the flow of illicit drugs into Macao. On 24 April 2012, the largest drug manufacturing operation in recent years was smashed. Seven bags and suitcases of raw materials for methamphetamine manufacturing weighing 166.5 kilograms were seized, and the suspects were

arrested. In March, the Public Security Police and mainland public security authorities smashed a cross-border human trafficking syndicate in a joint operation in which seven suspects were arrested and a number of victims freed.

Adjusting civil protection plan by setting response levels

The Government made timely adjustments to the civil protection master plan in accordance with the actual situations. Contingency plans to cope with the onslaught of water salinity, handle construction project accidents and respond to water contamination incidents were formulated and included in the plan. At the moment, besides natural hazards such as tropical cyclones, the master plan also includes contingency plans in case of catastrophes and public health emergencies, with all accidents and natural hazards categorised into five response levels.

On numerous occasions, the newly amended civil protection master plan yielded positive results in the protection of the lives and property of Macao residents.

When Typhoon Signal No. 8 was hoisted by the Meteorological and Geophysical Bureau at 7pm on 23 July as Typhoon Vicente approached Macao, the Civil Protection Operational Centre immediately activated the contingency measures according to the civil protection master plan. As local winds strengthened rapidly, the Meteorological and Geophysical Bureau issued Typhoon Signal No. 9 at 2:15 am. This was the first Typhoon Signal No. 9 hoisted since the passage of Typhoon York 13 years ago in 1999 before the establishment of the MSAR.

Under the guidance of the civil protection master plan, the Fire Service coordinated 28 departments and organisations and liaised closely with different government departments, private organisations and the media, in order to gather up-to-date meteorological information and release civil protection advice to the public in a timely manner. Organised contingency measures for the convenience of the public greatly reduced the negative impact of the typhoon.

In a bid to enhance its response capability in the event of disasters or emergencies, the Government conducted numerous drills and tests in 2012. On 23 May, various departments and the Sai Van Bridge Management Company jointly organised a fire drill at the lower deck tunnel of Sai Van Bridge to assess the coordination and response capability of the relevant departments in case traffic accidents occur inside the tunnel during a typhoon.

On 13 November, several government departments jointly organised an on-site nuclear drill to enhance the preparedness of Macao's Nuclear Incidents Response Task Force and to review the effectiveness of the implementation and reporting mechanism of the Contingency Plan on Nuclear Incidents in Neighbouring Nuclear Power Stations. On 14 December, Macao and Zhuhai jointly organised a passenger boat drill to assess the enforceability of the Contingency Plan on Maritime Incidents and joint rescue work. Other emergency drills and exercises regarding public communication during disasters, control of serious epidemics, airport security, prison security, public security and accidents at power stations were also conducted in 2012 to thoroughly review the Government's response capability in the event of public disasters and emergencies.

Fulfilment of legislative and supervisory duties with the passage of 16 bills

During its third session, the Legislative Assembly held 45 plenary meetings and 104 committee meetings. The Government, led by the Chief Executive, cooperated extensively with the Legislative Assembly to facilitate its operation by attending its plenary and committee meetings, as well as answering legislators' questions.

During the normal operation period of the third legislative session (16 October 2011 to 31 August 2012) of Macao's fourth Legislative Assembly, 16 bills, three resolutions and five simple-majority resolutions were passed. All the laws approved during the session were submitted by the Government. Particularly noteworthy among the bills were the one on the amendment to the method for selecting the Chief Executive, and one on the amendment to the method for forming the Legislative Assembly, whose examination and passage by the Legislative Assembly led to the subsequent introduction, examination and passage of the bills on the amendment to the Chief Executive Electoral Law (Law no. 3/2004) and the Legislative Assembly Electoral Law (Law no. 3/2001).



Perform legislative and supervisory duties according to law

With respect to its law-making function, the Legislative Assembly also passed, regarding the civil service system, bills on the Adjustment on Salaries, Pensions and Gratuities of Public Servants and the Additional Remuneration for Public Security Forces and Services; regarding environmental protection, bills on the Amendment to the Motor Vehicle Tax Regulations; regarding public order, the Law Governing Video Surveillance in Public Places; regarding people's livelihoods, bills on the Deposit Protection Scheme, Central Provident Fund Individual Accounts, the General System for Legal Aid, and Conditions for Entering, Working and Gaming in Casinos; in support of and to perfect existing systems, bills on the Amendment to the Appendix to the Consumption Tax Regulations, the Framework for Private School Teaching Staff, the Amendment to Law no. 10/2000 – the Commission Against Corruption of the Macao Special Administrative Region, and the Amendment to the Code of Commercial Registration; and last but not least, the Amendment to the Legal System of Copyright and Related Rights.

In respect of its supervisory functions, the Legislative Assembly supervised the budget and public finances by exercising the powers enshrined in the Basic Law. Such tasks included scrutinising and voting on the 2012 Government Budget, and preparing written advice and resolutions on the

Government's reports on budget implementation for 2010. In addition, the Follow-up Committee for Public Finance Affairs received an explanation from the Secretary for Economy and Finance in regard to interim report. During the normal operation period of the Legislative Assembly, legislators submitted 466 written and 49 oral questions to the Government, and held nine plenary meetings for these enquiries. During the plenary meetings, legislators presented 224 pre-agenda speeches, relating to politics, society, the economy, culture, administration and other matters of public interest for Macao.

Efficient and fair trials and stringent action in criminal prosecution

Continued increase in caseload at all tiers of the court system and sharp rise in appeal cases

In 2012, caseloads at Macao's three tiers of the court system continued to increase, reaching a record high of 17,626 cases. Of these, 87 were filed with the Court of Final Appeal, 1,057 with the Court of Second Instance, 16,289 with the Lower Court, and 193 with the Administrative Court. The drastic rise in the number of cases filed with the Court of Final Appeal and the Court of Second Instance indicates that residents were dissatisfied with the administrative actions of government officials, and strongly sought review by the judiciary.



The three-tier court system concluded 17,801 cases in 2012, of which 83 were concluded by the Court of Final Appeal, with 10 more cases pending; 992 were concluded by the Court of Second Instance, with 777 further cases pending; 16,471 were concluded by the Court of First Instance, with 8,209 cases pending; and 255 were concluded by the Administrative Court, with 107 cases pending.

Assistance in and processing of litigation involving foreign parties

As well as handling cases in Macao, the Court of Second Instance also has the power to review and endorse judgments made by courts or arbiters outside Macao. In 2012, some 36 cases were heard and endorsed by the Collegial Panel, while one case was rejected. Countries and regions involved in these cases, which deal with custody, inheritance and divorce, were mainland China, Hong Kong, Taiwan, the United States, Australia, Canada and Cape Verde.

According to the Agreement on the Delivery of Judicial Writs and Evidence in Civil and Commercial Cases between Mainland and Macao SAR Courts, in 2012, the Court of Final Appeal received 26 judicial writs from mainland China courts, and delivered 56 judicial writs to mainland China courts on behalf of courts in Macao.

According to the Protocol on the Transfer of Sentenced Persons signed by the governments of Portugal and Macao, and the Arrangement between the Government of the Macao Special Administration Region and the Government of the Hong Kong Special Administration Region on the Transfer of Sentenced Persons, the Examining Magistracy received and filed 16 transfer requests from the Government in 2012, among which five were successful, all of them involving Hong Kong.

Facilitate construction of the new office tower for judicial departments

Because of insufficient facilities, it had been necessary for the Court of First Instance and its judges to conduct court sessions and work in commercial premises. In December 2011 and August 2012, accidents occurred at the offices used by the Lower Court and the Examining Magistracy, affecting the operation of the judiciary. To resolve these problems, the Chief Executive accelerated construction of provisional facilities for the Lower Court and the Court of Final Appeal, and the courts have also rented a number of floors in commercial buildings in view that a number of judges have been recruited to meet urgent needs. Other solutions will be adopted gradually to solve these problems entirely.

In 2012, the Public Prosecutions Office steadfastly performed its duties according to the law, which included combating criminal activities, prosecuting criminal cases and ensuring public security. Adhering to the principles of independence, justice and impartiality, the courts made adjustments and changes according to the political and economic conditions and the social development of Macao, and continued to enhance the efficiency of court hearings.

Public security safeguarded through criminal prosecutions

In 2012, the total number of criminal cases filed and investigated by the Public Prosecutions Office increased by four percent compared with the figure in 2011, most of which were theft, robbery, damage to property, physical assaults, drug crimes, crimes against public security, organised crime, illegal behaviour resulting from traffic incidents, forgery, illegal acts by public servants and computer crime.

The number of serious crimes also showed a rising trend. For instance, the number of drug-related crimes increased by 22 percent, the number of crimes against public security increased by 20 percent, while the level of organised crime increased by 17 percent. Such increases also show the complexity of the overall law and order situation in Macao. Among the cases of organised crime filed, 41 were pandering and 16 were human trafficking. While boosting the growth of economy, the rapid development of the gaming industry has also brought uncertain factors to Macao, which could threaten local residents' and visitors' personal safety and properties. Over the past year, 998

cases of traffic contraventions were filed, representing an increase of 11 percent, most of which were evasion of traffic accident liability, followed by drunk driving.

Criminal investigation and litigation

In 2012, the Public Prosecutions Office filed 12,172 criminal cases, 438 more than in 2011, representing an increase of four percent. Among these cases, 752 were serious crimes filed and investigated by the special unit of the office, representing an increase of seven percent. Over the year, the Public Prosecutions Office concluded 11,633 cases, a year-on-year increase of nine percent; and reinitiated 78 cases, a decrease of 11 percent compared with the level of the previous year.

With regard to criminal investigation and legal proceedings, the Public Prosecutions Office prosecuted 2,877 cases involving 3,810 crimes under ordinary procedures in 2012, representing a year-on-year increase of nine percent. A total of 3,742 suspects were prosecuted, 266 of whom were remanded in custody, and 4,914 were sentenced to direct or recommended enforcement measures.

There were 1,291 special procedural actions taken directly or recommended by the Public Prosecutions Office, including detentions, searches and covert surveillance. Furthermore, the Public Prosecutions Office applied to have 940 cases heard with simplified proceedings. There were 8,559 cases shelved due to insufficient evidence, after investigation by the Public Prosecutions Office, representing an increase of 10 percent.

In processing cases involving juveniles under the minimum age of criminal liability, 16 years old, the Public Prosecutions Office filed 84 cases, and according to the law, referred 140 suspects under the age of 16 to the Lower Court for its further handling.

Monitor law enforcement to safeguard legal rights

The Public Prosecutions Office participated in 1,075 cases before the Court of Final Appeal and the Court of Second Instance. These included criminal, civil and administrative cases, conflicts between jurisdictional and judicial power, and recognition of extra-jurisdictional verdicts. The office issued 830 written opinions and attended 327 court hearings or consultation meetings. The Public Prosecutions Office initiated 824 administrative cases in the Lower Court, of which 78 involved labour contract disputes, 433 mediation cases involved employment-related injuries, accident and occupation diseases, 75 procedural dossiers concerning investigation of family identity, and 170 civil dossiers were initiated along with proceedings concerning parental rights, labour, prohibited products and child custody. In its role as custodian of under-age citizens, the Public Prosecutions Office initiated 58 cases concerning proceedings on mandatory property inventories. In the implementation of procedures, the Public Prosecutions Office initiated 363 applications concerning the collection of litigation fees, and represented the Finance Services Bureau in one application demanding settlement of unpaid taxes. The office received 288 applications for judicial assistance. The Public Prosecutions Office branch in the Administrative Court participated in the conclusion of 150 administrative actions which involved hearings about tax payments and administration disputes. The Public Prosecutions Office and the Office of the Prosecutor-General also offered legal inquiry services to a total of 8,700 citizens.

Fighting corruption and promoting probity, and adopting new technology to improve auditing

In 2012, the Commission Against Corruption (CCAC) maintained its independence and continued to discharge its duties according to the law while promoting probity through extensive publicity and educational activities, in order to guide the creation of a system of integrity in the community.

In 2012, the CCAC received 852 complaints and filed 751 cases for investigation, including 297 criminal cases, of which 198 were concluded. In regard

to complaints to the ombudsman, 563 cases were concluded and filed. Additionally, the CCAC received 1,231 inquiries of various kinds during the year, of which 645 were or involved criminal cases. There were 586 inquiries concerning complaints to the ombudsman.

Regarding complaints to the ombudsman, the CCAC adopted various timely and efficient measures, of which the most frequent were the review of documents and the giving of direct advice, in order to settle problems and protect the legitimate rights of residents.

In 2012, the CCAC organised 459 talks and seminars attended by 27,679 participants. Also, with the aim of entrenching a culture of probity in society, the CCAC educated the public on the importance of probity through jointly organising activities with community groups and through other channels.

Spreading the anti-corruption message across the private sector was a major task of the CCAC in 2012. As well as continuing to explain the law on the Prevention and Suppression of Bribery in the Private Sector to private institutions and organisations in different industries, the CCAC also published a book, jointly with the anti-corruption authorities of Guangdong and Hong Kong, entitled *Legal Guide for SMEs in Guangdong, Hong Kong and Macao* as a reference for corruption prevention to anyone doing business in Guangdong, Hong Kong and Macao. At the same time, to celebrate its 20th anniversary in 2012, the CCAC organised a special seminar on integrity management and corruption-free business practice, during which experts and scholars from mainland China and other countries were invited to share their experience of corruption prevention in the private sector.

In 2012, the Commission of Audit released five audit reports: two performance audit reports, on the Disbursement of Sponsorships by the Macao Foundation to Local Organisations and the Continuing Education Development Plan respectively; two special audit reports, on the Preparatory Committee for the Participation of Macau in the Shanghai World Expo and the second phase of the



LRT construction; and the audit report on the Government's Public Accounts of 2011.

The two performance audit reports on the Disbursement of Sponsorships by the Macao Foundation to Local Organisations and the Continuing Education Development Plan proposed that the authorities concerned strengthen the management of subsidy disbursement and examine the use and effects of the relevant subsidies to ensure the proper use of public funds.

The two special audit reports on the Preparatory Committee for the Participation of Macau in the Shanghai World Expo and second phase of the LRT construction pointed out deficiencies by the authorities concerned in estimating expenses and formulating budgets. The former report also pointed out that the office concerned had not given any concluding statement about the overall financial status of the event upon its completion.

In accordance with the requirements set out in the Rules for Formulation, Content and Compilation of the Budget of the Macao Special Administrative Region and the Rules for Formulation, Content and Compilation of the General Account of the Macao Special Administrative Region (Executive Order No. 121/2011), and to support the introduction of computer-aided auditing, the Order of Commissioner of Audit No. 2/2012 was announced in 2012 to enable better regulation of the annual accounts submitted by the public departments. At the same time, to assist the public departments with submitting their annual accounts and required basic information, six briefing sessions were organised in November for the public departments/organisations to ensure that the auditing of 2012 accounts was carried out in an orderly manner.