

## Chapter 21

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# History

*Hong Kong marked its 11th year as a Special Administrative Region of China in 2008, underlining the fact that the 'one country two systems' principle under which it is run, works. This unique concept continues to propel Hong Kong forward as a financial hub and preferred place for foreign companies to do business in China and the Asian region.*

Hong Kong opened a new chapter in its eventful history at the stroke of midnight on June 30, 1997 when it rejoined the Mainland from which it had been separated for more than 150 years.

The handover — as the historic event is commonly called — of British rule to Chinese sovereignty was marked by the lowering of the British and Hong Kong flags and the hoisting of the Chinese national and Hong Kong Special Administrative Region flags, a ceremony that was carried out with great protocol.

The changeover allows Hong Kong people to maintain their lifestyles, rights and freedoms for 50 more years, an edict enshrined in the Sino-British Joint Declaration.

Hong Kong-Mainland relations have become markedly stronger since the handover. Tens of thousands of Hong Kong people now work and live on the Mainland, social stability is exemplary, and the economy is growing alongside the Mainland's impressive development.

### Archaeological Background

Archaeological studies in Hong Kong began in the 1920s and have uncovered evidence of ancient human activities at many sites along the winding shoreline, testifying to events spanning more than 6 000 years. The interpretation of these events is still a matter of academic discussion. Archaeologically, Hong Kong is but a tiny part of the far greater cultural sphere of South China, itself as yet imperfectly known.

Despite suggestions that local prehistoric cultures developed out of incursions from North China or Southeast Asia, a growing number of scholars believe that the

prehistoric cultures within the South China region evolved locally, independent of any major outside influences. There is little dispute, on the other hand, that the earliest cultures emerged from 4 000 BC and must be seen within the framework of a changing environment in which sea levels rose from depths of 100 metres below the present — inexorably submerging vast tracts of coastal plain and forming basically the modern shoreline and ecology to which human groups had to adapt, or perish.

Archaeological excavations have revealed two main Neolithic cultures lying in stratified sequence. The final phase of Hong Kong's prehistory was marked by the appearance of bronze around the middle of the second millennium BC. Bronze artefacts seem not to have been in common use, but fine specimens of weapons, knives, arrowheads and halberds, and tools such as fishing hooks and socketed axes have been excavated from Hong Kong sites. There is evidence, too, in the form of stone moulds from Kwo Lo Wan on the original Chek Lap Kok Island, Tung Wan and Sha Lo Wan on Lantau Island and Tai Wan and Sha Po Tsuen on Lamma Island, that bronze was actually worked locally.

The Bronze Age pots have designs that often resemble the geometric patterns of the late Neolithic period, but with their own distinctive style, including the 'Kuidragon' or 'double F' pattern so characteristic of the region during that period.

Early Chinese written records refer to maritime peoples living in China's southeastern seaboard as 'Yue'. It is possible, therefore, that at least some of Hong Kong's prehistoric inhabitants were from the 'Hundred Yue', as this diverse group of peoples was then commonly called.

The discovery of a prehistoric burial ground at Tung Wan Tsai North on Ma Wan Island in 1997 shed light on the ethnicity of prehistoric inhabitants in Hong Kong. Among the 20 graves discovered, 15 yielded human skeletal remains, seven skeletons were relatively well preserved. Study of the human bones revealed they belonged to Asian Mongoloid, early inhabitants whose features resemble that of inhabitants of the tropics.

A Neolithic stone-working site discovered at Ho Chung, Sai Kung, in 1999 was also significant. Scattered around a work floor, measuring about 200 square metres, were a number of stone cores, flakes, chipped stone tools such as oyster picks, carving tools and polished implements that included adzes, rings and slotted rings. The artefacts provide valuable data for the study of the stone-working technology of Hong Kong's Neolithic inhabitants.

To save the archaeological heritage from being destroyed by the impending construction of roads, a team of experts from Hong Kong and the Mainland dug up a site in Sha Ha, also in Sai Kung, between October 2001 and September 2002. The team, the largest ever mobilised in Hong Kong, comprised members of the archaeological institutes of Shaanxi, Hebei, Henan and Guangzhou and members of Hong Kong's Antiquities and Monuments Office. The findings not only helped complete the chronology of Hong Kong's ancient cultures, but also provided

important clues to the kind of society that existed at the time and the way settlements formed in the Pearl River Delta.

Rock carvings with geometric designs, and patterns resembling stylised animals most likely made by these early inhabitants, were found at Shek Pik on Lantau Island, on Kau Sai Chau, Po Toi, Cheung Chau and Tung Lung Chau, and at Big Wave Bay and Wong Chuk Hang on Hong Kong Island.

The conquest of South China by the military from the North during the Qin (221-207 BC) and Han (206 BC-AD 220) dynasties brought increasing numbers of Han settlers to the region, who exerted different influences on the indigenous populations. Evidence of this is in the Han period coins that were dug up, but the most outstanding monument to this turbulent period must undoubtedly be the fine brick-built tomb uncovered at Lei Cheng Uk in Sham Shui Po in 1955, with its array of typical Han tomb furniture, dating back to the early to middle Eastern Han period. Excavations at Pak Mong on Lantau Island, on Kau Sai Chau, at Tung Wan Tsai on Ma Wan Island and at So Kwun Wat in Tuen Mun all yielded considerable quantities of Han dynasty artefacts in well-stratified sequences, as well as four ceramic pots discovered from the drainage works site at Mong Kok. These included different pottery vessels, iron implements and a large quantity of bronze coins.

Archaeological remains from later historic periods are still relatively rare. Findings from excavations have shed welcome light on one aspect of life in Hong Kong during the Tang dynasty (AD 618-907) — the use of lime. This is revealed in a study of the dome-shaped lime kilns which are almost an ubiquitous feature of Hong Kong's beaches. Lime was a valuable commodity useful for caulking and protecting wooden boats against marine organisms, water-proofing containers, dressing the acid soils of agricultural fields, building, producing salt and other uses. It clearly played an important role in the economy of the time.

Strong traditions link Hong Kong with the events that occurred during the Mongol incursions and with the concluding chapters of the Song dynasty in the 13th century AD. Several finds were from this period: the Sung Wong Toi inscription, now relocated near the entrance to the former Hong Kong International Airport in Kowloon; the Song inscription in the grounds of the Tin Hau Temple at Joss House Bay; caches of Song coins from Shek Pik, Mai Po and Kellett Island; and Song-type celadons found at different sites, especially Nim Shue Wan and Shek Pik on Lantau Island and Ngau Hom Shek in Yuen Long.

Studies are beginning to shed fresh light on events in Hong Kong during the Ming (AD 1368-1644) and Qing (AD 1644-1911) dynasties. These include an analysis of considerable quantities of Ming blue-and-white porcelain collected and excavated from Penny's Bay, Lantau. They are very fine quality export ware of the kind that found its way to Southeast Asia and further west, and dates from the first decades of the 16th century AD. During another excavation in 2001, more Ming remains were retrieved, including building foundations and structures suggesting the presence of a Ming settlement at Penny's Bay. Archaeological probes at the ancient kiln site at Wun Yiu in Tai Po suggested that potters probably began to manufacture

blue-and-white ware locally as early as in the Ming dynasty. The local porcelain industry continued well into the early 20th century, spanning a period of more than 300 years. The excavation at So Kwun Wat in 2000 yielded a Ming dynasty cemetery and more than 30 graves were found. The burial items — which include porcelain ware, bronze coins and iron implements — shed light on the life of local inhabitants in the Ming dynasty.

The excavation of the Qing dynasty fort on Tung Lung Chau has revealed fascinating details of the internal arrangements of the fortification and everyday utensils of the remote garrison during the final days of Imperial China. Archaeological investigations at the Kowloon Walled City site uncovered remnants of the old garrison wall and the two stone plaques above the original South Gate, which bore the Chinese characters 'South Gate' and 'Kowloon Garrison City', respectively. Remains of the Longjin Bridge, built in 1875 as a landing-pier linking the main gate (east gate) of the Kowloon Walled City and the coast, were discovered during the Environmental Impact Assessment process of Kai Tak Development Project.

### A Place from Which to Trade

In its early days, Hong Kong with its dry and largely infertile mountainous terrain was regarded as an uninviting prospect for settlement. A population of about 3 650 was scattered over 20 villages and hamlets, and 2 000 fishermen lived on board their boats in the sheltered harbour — Hong Kong's one natural asset. Victoria Harbour was strategically located on the trade routes of the Far East, and was soon to become the hub of a burgeoning *entrepôt* trade with China.

Hong Kong's development into a commercial centre began with British settlement in 1841. At the end of the 18th century, the British dominated the foreign trade in Canton (Guangzhou) but found conditions unsatisfactory, mainly because of the conflicting viewpoints of two quite dissimilar civilisations. The Chinese regarded themselves as the only civilised people, and foreigners trading in Canton were subject to residential and other restrictions. Confined to the factory area, they were allowed to remain only for the trading season, during which they had to leave their families in Macao. They were forbidden to enter the city or to learn the Chinese language. Shipping dues were arbitrarily varied and much bickering resulted between the British and Chinese traders. Yet, there was mutual trust and the spoken word alone was sufficient for even the largest transactions.

Trade had been in China's favour and silver flowed in until the growth of the opium trade — from 1800 onwards — reversed this trend. The outflow of silver became more marked from 1834, after the East India Company lost its monopoly of the China trade, and the foreign free traders, hoping to get rich quickly, joined the lucrative opium trade which the Chinese had made illegal in 1799. This led to the appointment of Lin Zexu (Lin Tse-hsu) in March 1839 as special Commissioner in Canton with orders to stamp out the opium trade. A week later, he surrounded the foreign factories with troops, stopped food supplies and refused to let anyone leave until all stocks of opium had been surrendered and dealers and ships' masters had

signed a bond not to import opium on pain of execution. Captain Charles Elliot, RN, the British Government's representative as Superintendent of Trade, was shut up with the rest and authorised the surrender of 20 283 chests of opium after a siege of six weeks.

Elliot would not allow normal trade to resume until he had reported fully to the British Government and received instructions. The British community retired to Macao and, when warned by the Portuguese Governor that he could not be responsible for their safety, took refuge on board ships in Hong Kong harbour in the summer of 1839.

The British Foreign Secretary, Lord Palmerston, decided that the time had come for a settlement of Sino-British commercial relations. Arguing that, in surrendering the opium, the British in Canton had been forced to ransom their lives — though, in fact, their lives had never been in danger — he demanded either a commercial treaty that would put trade relations on a satisfactory footing, or the cession of a small island where the British could live under their own flag free from threats.

An expeditionary force arrived in June 1840 to back these demands, and thus began the so-called First Opium War (1840-42). Hostilities alternated with negotiations until agreement was reached between Elliot and Qishan (Keshen), the Manchu Commissioner who had replaced Lin after the latter was exiled in disgrace over the preliminaries of a treaty.

Under the Convention of Chuenpi (Chuanbi) signed on January 20, 1841, Hong Kong Island was ceded to Britain. A naval landing party hoisted the British flag at Possession Point (in the vicinity of present-day Hollywood Road Park in Sheung Wan) on January 26, 1841, and the island was formally occupied. In June, Elliot began to sell plots of land and settlement began.

Neither side accepted the Chuenpi terms. The cession of a part of China aroused shame and anger among the Chinese, and the unfortunate Qishan was ordered to Peking (Beijing) in chains. Palmerston was equally dissatisfied with Hong Kong, which he contemptuously described as 'a barren island with hardly a house upon it', and refused to accept it as the island station that had been demanded as an alternative to a commercial treaty.

'You have treated my instructions as if they were waste paper,' Palmerston told Elliot in a magisterial rebuke, and replaced him. Elliot's successor, Sir Henry Pottinger, arrived in August 1841 and conducted hostilities with determination. A year later, after pushing up the Yangtze River (Chang Jiang) and threatening to assault Nanking (Nanjing), he brought the hostilities to an end by the Treaty of Nanking, signed on August 29, 1842.

In the meantime, the Whig Government in England had fallen and, in 1841, the new Tory Foreign Secretary, Lord Aberdeen, issued revised instructions to Pottinger, dropping the demand for an island. Pottinger, who had returned to Hong Kong during the winter lull in the campaign, was pleased with the progress of the new

settlement and, in the Treaty of Nanking, deviated from his instructions by demanding both a treaty and an island, thus securing Hong Kong.

Five Chinese ports, including Canton, were also opened for trade. The commercial treaty was embodied in the supplementary Treaty of the Bogue (Humen) in October 1843, by which the Chinese were allowed free access to Hong Kong Island for trading purposes.

### Lease of the New Territories

The Second Anglo-Chinese War (1856-58) arose out of disputes over the interpretation of the earlier treaties and over the boarding of the *Arrow*, a British *lorcha* (a vessel with a European hull and Chinese rig) by Chinese in search of suspected pirates. The Treaty of Tientsin (Tianjin) in 1858, which ended the war, gave the British the privilege of diplomatic representation in China. The first British envoy, Sir Frederick Bruce, who had been the first Colonial Secretary in Hong Kong, was fired on at Taku (Dagu) Bar on his way to Peking to present his credentials, and hostilities were renewed from 1859-60.

Troops serving on this second expedition camped on Kowloon Peninsula, as Hong Kong's earliest photographs show. Finding it healthy, they wished to retain it as a military cantonment, with the result that Sir Harry Parkes, Consul at Canton, secured from the Viceroy a lease of the peninsula as far north as Boundary Street, including Stonecutters Island. The Convention of Peking in 1860, which ended the hostilities, provided for its outright cession.

Other European countries and Japan subsequently demanded concessions from China, particularly after Germany, France and Russia rescued China from the worst consequences of its defeat by Japan in 1895. In the ensuing tension, Britain felt that the efficient defence of Hong Kong harbour demanded control of the land around it.

Under a convention signed in Peking on June 9, 1898, the New Territories — comprising the area north of Kowloon up to the Shum Chun (Shenzhen) River and 235 islands — was leased for 99 years. The move was directed against France and Russia, not against China, whose warships were allowed to use the wharf at Kowloon City. There, Chinese authority was permitted to continue 'except insofar as may be inconsistent with the military requirements for the defence of Hong Kong'. However, an order-in-council of December 27, 1899, revoked this clause and the British unilaterally took over Kowloon City. There was some opposition when the British took over the New Territories in April 1899, but this eventually dissipated. The area was declared to be part of the overall territory of Hong Kong but was administered separately from the urban area.

### Initial Growth

The new settlement did not go well at first. It attracted unruly elements, while fever and typhoons threatened life and property. Crime was rife. The population rose from 32 983 (31 463 or 95 per cent Chinese) in 1851 to 878 947 (859 425 or

97.8 per cent Chinese) in 1931. The Chinese influx was unexpected because it was not anticipated they would choose to live under a foreign flag.

The Chinese asked only to be left alone and thrived under a liberal British rule. Hong Kong became a centre of Chinese emigration and trade with Chinese communities abroad. Ocean-going shipping using the port increased from 2 889 ships in 1860 to 23 881 in 1939. The dominance of the China trade forced Hong Kong to conform to Chinese usage and to adopt the silver dollar as the currency unit in 1862. In 1935, when China went off silver, Hong Kong had to follow suit with an equivalent 'managed' dollar.

Hong Kong's administration followed the normal pattern for a British territory overseas, with a governor nominated by Whitehall and nominated Executive and Legislative Councils with official majorities. The first non-government members of the Legislative Council were nominated in 1850, and the first Chinese in 1880 (Singapore-born lawyer Ng Choy); the first non-government members of the Executive Council appeared in 1896, and the first Chinese in 1926 (Sir Shouson Chow). In 1972, the long-standing arrangement that two electoral bodies — the Hong Kong General Chamber of Commerce and the Unofficial Justices of the Peace — were each allowed to nominate a member to the Legislative Council, was discontinued.

British residents pressed strongly for self-government several times but the UK Government consistently refused to allow it, saying the Chinese majority would be subject to the control of a small European minority. A Sanitary Board set up in 1883, became partly elected in 1887 and developed into an Urban Council in 1936.

The intention, at first, was to govern the Chinese through Chinese magistrates seconded from the Mainland. But this system of parallel administrations was only half-heartedly applied and broke down mainly because of the weight of crime. It was completely abandoned in 1865 in favour of the principle of equality of all races before the law. In that year, the Governor's instructions were significantly amended to forbid him to assent to any ordinance 'whereby persons of African or Asiatic birth may be subjected to any disabilities or restrictions to which persons of European birth or descent are not also subjected'. Government policy was *laissez-faire*, treating Hong Kong as a market place open to all and where the Government held the scales impartially.

Public and utility services developed — the Hong Kong and China Gas Company in 1861, the Peak Tram in 1885, the Hongkong Electric Company in 1889, China Light and Power in 1903, the electric tramways in 1904 and the Kowloon-Canton Railway, completed in 1910. Successive reclamations began in 1851 — notably one completed in 1904 in Central District which produced Chater Road, Connaught Road and Des Voeux Road; and another in Wan Chai between 1921 and 1929.

Public education began in 1847 with grants to the Chinese vernacular schools. In 1873, the voluntary schools — mainly run by missionaries — were included in a grant scheme. The College of Medicine for the Chinese, founded in 1887 with Sun

Yat Sen as one of its first two students, developed into the University of Hong Kong in 1911 and offered arts, engineering and medical faculties.

After the Chinese revolution of 1911, which overthrew the Qing dynasty, there was a long period of unrest in China and many people found shelter in Hong Kong. Agitation continued after Chinese participation in World War I brought in its wake strong nationalist and anti-foreign sentiment — inspired both by disappointment over failure at the Versailles peace conference to regain the German concessions in Shantung (Shandong) and by the post-war radicalism of the Kuomintang.

The Chinese authorities sought to abolish all foreign treaty privileges in China. Foreign goods were boycotted and the unrest spread to Hong Kong, where a seamen's strike in 1922 was followed by a serious general strike in 1925-26 under pressure from Canton. This petered out, though not before causing considerable disruption in Hong Kong. Britain, with the largest foreign stake in China, was at that time a main target of anti-foreign sentiment, but Japan soon replaced it in this odious role.

## The 1930s and World War II

During World War I, Japan presented its '21 demands' to China. In 1931, Japan occupied Manchuria and tried to detach China's northern provinces, leading to open war in 1937. Canton fell to the Japanese in 1938, resulting in a mass flight of refugees to Hong Kong. It was estimated that some 100 000 refugees entered in 1937, 500 000 in 1938 and 150 000 in 1939 — bringing Hong Kong's population at the outbreak of World War II to an estimated 1.6 million. It was thought that at the height of the influx, about 500 000 people were sleeping in the streets.

Japan entered World War II on December 7, 1941, when its aircraft bombed United States warships at Pearl Harbour. At about the same time, Japanese armed forces attacked Hong Kong (December 8, 1941, Hong Kong time). They invaded Hong Kong across the border from China and pushed the British from the New Territories and Kowloon on to Hong Kong Island. After a week of stubborn resistance on the island, the defenders — including the Hong Kong Volunteer Defence Corps — were overwhelmed and Hong Kong surrendered on Christmas Day.

The Japanese occupation lasted for three years and eight months. Trade virtually disappeared, currency lost its value, food supplies were disrupted, and government services and public utilities were seriously impaired. Many residents moved to Macao — the neutral Portuguese enclave hospitably opening its doors to them. Towards the latter part of the occupation, the Japanese sought to ease the food problems by organising mass deportations.

In the face of increasing oppression, the bulk of the community remained loyal to the allied cause. Chinese guerrillas operated in the New Territories, and escaping allied personnel were assisted by the rural population. Soon after news of the Japanese surrender was received on August 14, 1945, a provisional government was set up by the Colonial Secretary, Mr (later Sir) Frank Gimson, who had spent the



occupation imprisoned in Stanley Gaol. On August 30, Rear Admiral Sir Cecil Harcourt arrived with units of the British Pacific Fleet to establish a temporary military government. Civil government was formally restored on May 1, 1946, when Sir Mark Young resumed his interrupted governorship.

### **The Post-war Years**

After the Japanese surrender, Chinese civilians — many of whom had moved into the Mainland during the war — returned at the rate of almost 100 000 a month. The population, which by August 1945 had been reduced to about 600 000, rose by the end of 1947 to an estimated 1.8 million. In 1948-49, as the forces of the Chinese Nationalist Government began to face defeat in civil war at the hands of the Communists, Hong Kong received an influx unparalleled in its history. Hundreds of thousands of people — mainly from Kwangtung (Guangdong) Province, Shanghai and other commercial centres — entered Hong Kong during 1949 and the spring of 1950. The population has continued to grow, reaching 4 million by 1971, 5 million by 1980, 6 million by 1994, and now nearing 7 million.

After a period of economic stagnation caused by the United Nations' trade embargo on China arising from the Korean War, Hong Kong began to industrialise. No longer could Hong Kong rely solely on its port to provide prosperity for its greatly increased population. The rise of Hong Kong's manufacturing sector began with the setting up of textiles mills. The mills gradually expanded their range of products and, by the 1960s, they included man-made fibres and garments. During this decade textiles and clothing made up about half of domestic exports by value.

Hong Kong has become an increasingly service-based economy over the past 20 years with domestic exports accounting for only 3.2 per cent of the city's total exports in 2008. Nevertheless, textiles and clothing still constitute around 30 per cent of domestic exports by value. Jewellery, electronics and telecommunication equipment are also major export items.

Over the years, the manufacturing sector has gradually moved from one concentrating on simple, labour-intensive products to one focusing on sophisticated, high value-added products. Taking advantage of the abundant supply of land and labour in the Pearl River Delta, industrialists have expanded their production bases across the boundary while retaining their headquarters in Hong Kong. This mode of operation has contributed to economic development in the region and facilitated the transformation of Hong Kong into a services centre.

In 1966, the year the Cultural Revolution was launched on the Mainland, tension mounted in Hong Kong. During 1967, this developed into a series of civil disturbances, affecting all aspects of life and temporarily paralysing the economy. But, by the year's end, the disturbances were contained and the community continued its tradition of peaceful progress.

Hong Kong continued to expand its role as an entrepôt, particularly for trade with China. Coupled with tourism, this led to vast improvements in communications,

with an increasing number of people entering the Mainland from or through Hong Kong, the natural gateway, each year.

To keep pace with the development, the Government places strong emphasis on improving and expanding infrastructure. As a result, Hong Kong has been transformed into a modern city with efficient road and rail links, and first-class port and airport facilities. New highways have opened up previously remote areas, the railway networks are being expanded, and a new international airport has been in operation at Chek Lap Kok since 1998.

The new towns in the New Territories, which accommodate 47 per cent of Hong Kong's population, have eased the pressure on development of the main urban areas. Current planned projects continue to spur the economy, create jobs and enhance the environment.

The development of Hong Kong's economic base has enabled the public sector to increase spending on housing, education, social welfare and health over the years from \$144.6 billion in 1998-99 to an estimated \$169.5 billion in 2008-09.

Hong Kong's public housing programme started with an emergency measure to rehouse some 53 000 people made homeless overnight in a squatter fire on Christmas Day 1953. It has developed into a comprehensive programme that encompasses a wide range of rental and home ownership flats with self-contained facilities.

The main aim of the Government's subsidised housing policy is to provide assistance to low-income families who cannot afford private rental accommodation. The Hong Kong Housing Authority's primary responsibility is to build public rental flats to help families in need gain access to adequate and affordable housing and to assist the Government in maintaining the average waiting time for such flats to around three years.

The Government has been investing heavily in education to enhance Hong Kong's competitiveness in a knowledge-based and globalised economy. Free primary and junior secondary education has been provided to every student attending public sector schools since 1978. Senior secondary education and full-time courses offered by the Vocational Training Council for secondary three school leavers also became free in September 2008. Tertiary education remains heavily subsidised. It is the Government's policy that no student is deprived of education for lack of financial means.

The Government and non-governmental organisations have made major strides in improving social welfare services to the public in the past decade which in turn have increased government spending on social welfare from \$26.0 billion in 1998-99 to an estimated \$39.4 billion in 2008-09. Social services are today provided not only for emergency relief, but for other needs as well.

The post-war years also saw the development of a healthcare system to cope with Hong Kong's rapidly growing population, caused mostly by a huge influx of refugees from China. Big steps were taken to combat communicable diseases in the early post-war years and to build additional public and private hospitals, as well as

general out-patient clinics, some of which were run by voluntary agencies. The Government continued to expand the healthcare infrastructure during the 1950s and 1960s to cater to the needs of the ever growing population.

The Government's commitment to safeguarding public health and to providing medical care and facilities for everyone in Hong Kong, particularly those relying on subsidised medical attention, was first articulated in policy papers published in 1964 and 1974. The goals, which included subsidising more healthcare agencies, were largely achieved.

The Government's healthcare policy has since been recognised as one that aims to 'ensure that no one should be denied adequate medical treatment because of lack of means'. Another major step was taken in 1990 with the setting up of the Hospital Authority (HA) based on the recommendations of a consultancy report entitled 'The Delivery of Medical Services in Hospitals', commonly known as the 'Scott Report'. The HA's task was to run all public hospitals and to provide a range of heavily subsidised medical services. Just as importantly, it was tasked with upholding the Government's policy of ensuring that no one was denied medical care due to lack of financial means. At the same time, the Department of Health (DH) evolved into a health advocate, focusing on promoting good health and preventing diseases from taking hold, while maintaining its position as the authority on health and related regulatory matters.

In the wake of the Severe Acute Respiratory Syndrome (SARS) outbreak in 2003, the Government took a series of measures to strengthen its public healthcare infrastructure, one of which was the establishment of the Centre for Health Protection (CHP) under the DH in June 2004, to strengthen the surveillance system for detecting outbreaks of infectious diseases and to respond swiftly to them. The CHP works closely with the local community, the Mainland authorities, the World Health Organisation and others around the world to combat infectious diseases.

Due to ever increasing demand and reliance on subsidised public healthcare, the Government embarked on a series of healthcare reforms in the 1990s under the headings 'Towards Better Health' (the Rainbow Document) in 1993, 'Improving Hong Kong's Health Care System: Why and For Whom?' (the Harvard Report) in 1999, 'Lifelong Investment in Health' in 2000-01, to 'Building a Healthy Tomorrow' in 2005.

Building on experiences gained from those reforms, the Government put forward for public discussion this year a package of healthcare reform proposals, entitled 'Your Health, Your Life'.

A comprehensive system of labour legislation has been developed to provide for employees' benefits and protection, employees' compensation, occupational safety and health. Free employment services are provided to help job-seekers find work and employers to recruit staff. The Employees Retraining Board provides quality training and retraining courses and services to eligible people, in particular those who are unemployed to enhance their employability and meet the needs of employers and the Hong Kong economy.