

LCQ5: Child savings scheme

Following is a question by the Dr Hon Chiang Lai-wan and a reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (January 16):

Question :

The Government set up the Child Development Fund (CDF) in 2008 to provide funding to non-governmental organisations and schools for implementing matching funds for savings programmes and mentorship programmes. It is learnt that the participation in CDF has been poor, with only 17 000 children benefited since its establishment 10 years ago. On the contrary, in countries such as Singapore, the United Kingdom and Canada, universal programmes set up for providing long-term asset accumulation for children have received very positive responses. For instance, the take-up rate of the Co-Savings Scheme set up by the Singapore authorities for newborns was as high as 97% for certain birth cohorts. In this connection, will the Government inform this Council:

- (1) whether it has assessed if the scope of coverage of CDF is too narrow and its subsidy period too short, which have resulted in the poor participation in CDF;
- (2) whether it will consider expanding the target beneficiaries of CDF from grass-roots children to all children as well as extending its subsidy period; if so, of the details; if not, the reasons for that; and
- (3) whether it will draw reference from the practice of the Singapore authorities and set up a universal savings scheme for newborns, and allocate a sum equivalent to 1% of the Government's recurrent expenditure for co-contribution with parents of the newborns (or by a third party) to the scheme annually?

Reply:

President,

Having consulted the relevant bureaux and departments, I provide a reply to the Member's question as follows:

I wish to point out in the first place that the purpose and policy objectives of the Child Development Fund (CDF) set up by the Government are different from those of the overseas child savings schemes referred to by the Member. They should not be regarded in the same light.

In fact, the CDF only targets at children aged 10 to 16 or students in Primary 4 to Secondary 4 from a disadvantaged background, with an aim of helping them develop savings habits and set their personal goals during the

three-year participation period. Each child participating in a CDF project will be matched with an experienced volunteer mentor. With mentors' guidance, participating children can build up self-confidence and learn to map out their future development paths. A special feature of the CDF is the joint implementation of projects by various parties including the families of participating children, private organisations offering sponsorship or volunteer mentors, non-governmental organisations or schools operating CDF projects and the Government. We therefore consider it inappropriate to determine the effectiveness of the CDF only by the number of participating children, or compare CDF projects with other overseas schemes of an entirely different nature.

Each CDF project, which lasts for three years, comprises three key components, namely Targeted Savings, Mentorship and Personal Development Plan. These components are designed to broaden participants' horizons, enhance their abilities and personal qualities, and enrich their social experience.

Each participant will join a targeted savings programme to save \$200 per month over a two-year period. The targeted savings, which can be up to a maximum of \$14,400, have 1:1:1 tripartite contributions from the participant himself/herself, private sector matching fund and Government's special financial incentive. Participants may use the savings to realise their personal development plans (PDPs) in the third year of the project.

At the same time, with CDF funding and volunteer mentors' assistance, project operators/schools organise specially designed three-year projects for participating children and young people, teaching them how to formulate the PDPs and implement them using their own savings, matching fund and Government's special financial incentive. Project operators/schools provide training and guidance for the participants, their parents/guardians and mentors throughout the three-year project period to facilitate their completion of the project.

Despite that the Targeted Savings under CDF projects are made up of savings, matching fund and a financial incentive provided by the Government, they only form one of the components of the CDF which attaches importance to encouraging children from underprivileged families to accumulate intangible assets, such as positive attitude, resilience, social networks and so on, with a view to laying a foundation for their long-term development.

The Labour and Welfare Bureau has earlier commissioned the University of Hong Kong to conduct the Study on the Longer Term Development of Child Development Fund Project Participants. The study results indicated that the three key components of the CDF projects could effectively enhance underprivileged children and youngsters' ability in resource management and future planning, expand their personal networks and help them develop a persistent savings habit. These benefits could enhance their academic and career development, and are fundamental to their future success and their ability to combat poverty. The consultant team conducting the above study did not say that the coverage of the CDF was too narrow, nor did it comment on

the funding period. Since the CDF is not simply a saving scheme, expanding its scope to cover all children in Hong Kong is inconsistent with its purpose and policy objectives. Currently, the Government has no plans to extend the funding period.

Children are the future of society and the future backbone of the community. The Government has always attached great importance to the growth and development of children, particularly those from a disadvantaged background. In this regard, the relevant government bureaux and departments have been adopting a multi-faceted and target-specific approach in various areas to facilitate the development of children in need and support their families. We hold the view that providing all children with a uniform payment or matching contribution by the Government for saving purposes irrespective of their financial background is not in line with our current strategy of creating more equal development opportunities for children from underprivileged families.