

March 6, 2007**GST offsets for poor may not last 19 years**

I REFER to the report, 'Sylvia Lim ignoring offsets in generous Budget: PAP MPs' (ST, March 1).

Miss Irene Ng (Tampines GRC) was reported to have said that the Budget was 'incredibly generous', with as much as 19 years' worth of GST offsets for the poor that 'do not fall into any election cycle'.

While the Budget is generous for the poor, though not incredibly, our MPs should not take this '19 years' worth of GST offsets for the poor' too literally.

The 'Number of Years of Additional GST Payable that is offset by the GST Offset Package' listed in Annex E of the 2007 Budget is computed based on the following assumptions: First, to enjoy 19 years' worth of GST offset, the poor must be able to claim all these benefits in one go - GST credits, Senior Citizens' Bonus, U-Save rebates, rebates on service and conservancy charges, rental rebates, property-tax rebates and Post-Secondary Education Account top-ups. A senior citizen living in a rented apartment will probably not enjoy the last two benefits.

Second, one must note that this figure is derived from using household expenditure estimates from the 2002/03 Household Expenditure Survey.

I would think the household expenditures in Singapore in 2002/03 would be very conservative coming out of 911 in 2001 and coping with Sars in 2003.

Until we compute the GST offsets against any up-to-date household expenditure estimates available, one cannot be sure the offsets are worth 19 years in current values for the poor.

Third, household expenditures do not remain stable for 19 years. They usually go up with inflation. Are the GST offsets adjusted for inflation for the poor?

This group of people will find it increasingly hard to balance a stagnant income against a rising expenditure.

Last but not least, the '19 years' worth of GST offsets for the poor' is given over five years. I believe Miss Ng would agree that this will fall quite nicely into an election cycle.

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