SINGAPORE: Manpower Minister Dr Ng Eng Hen says the government is not going to look at the distribution of the proposed GST offset package by housing type alone.

Dr Ng also hopes the elderly will benefit more from the package.

He made these comments at a forum which aired on Channel NewsAsia on Monday.

When the last GST offset package was introduced in 2002, S$48 million worth of rental, service and conservancy rebates was distributed to more than 700,000 HDB households.

Income tax cuts were also put in place, along with Economic Restructuring Shares.

The GST for subsidised health care and state education charges was also fully absorbed by the government.

The offset package back in 2002 cost S$4.1 billion, and the government said it was enough to offset the additional tax that nearly all Singaporeans have to pay for at least five years.

This time round, the government is placing greater focus on a needs-based allocation.

Dr Ng says, "We have sort of put using house types as a proxy, and you can't run away from that as a broad measure, that's probably the more sensible way to go. But in between the gaps, between comparing someone in a 3- or 4-room flat and (someone with) more needs, you need to perhaps spread and use different baskets to do that.

"If I had my wish, I would say a broad group that should benefit more would be (the) elderly because some of them may live in different housing types."

Analysts say the challenge for the government is to find a more defined instrument without increasing the cost of administering the offset package.

Associate Professor Eugene Tan, Lee Kong Chian School of Business, Singapore Management University, says, "Household types would form a basic component in terms of the offset package. So 4 roomers, 5 roomers will get a certain predetermined amount. I think additional amounts will come from these other indicators, based on age, based on need, based on household size, for example, or the number of young children.

"We tend to look at the GST offset packages as a chance for handouts, a chance for one off gains, but I would like to see people become less dependant on these handouts and income supports... perhaps one-off top-ups for the CPF accounts for Medisave, for retirement and perhaps even education. I think the whole thrust will be the idea that we want to prepare for the future and so the government would help Singaporeans do that."

The Manpower Minister says those with special needs and disabilities, as well as middle-income Singaporeans, will also benefit from the package.

Analysts say those whose income falls in the 30th to 60th percentile felt the impact of the last GST hike the most.

The middle income groups saw less rebates compared to the lower income groups.

And while the higher income groups saw a significant tax cut, this did not apply to the middle income groups.

In 2003, top personal income tax rates were lowered to 22 percent, and within three years, it was lowered further to 20 percent.