

COMMITTEE AGAINST GST PROFITEERING (CAP) FINDS PRICE CHANGES TO BE GENERALLY MODERATE

The Committee Against GST Profiteering (CAP) has found price changes to be generally moderate since the announcement of the GST increase in November 2006. According to data from the Department of Statistics (DOS), the Consumer Price Index (CPI)¹ increased by 0.5% between November 2006 and May 2007.

2. CAP has analysed the Food category of the CPI in greater detail as this is an important area of concern to many Singaporeans. Data from DOS shows that Food prices, which make up 23% of total CPI expenditure weight, decreased by 0.3% over the first five months of this year. The Food category is further subdivided into non-cooked (10% of CPI) and cooked (13% of CPI) food subgroups.

3. Non-cooked food prices on the whole have shown a decrease of 1% between January and May this year. Within this subgroup, the items that saw the greatest price increases were cooking oils (3.2%), non-alcoholic beverages (2.8%), and dairy products (3.2%). CAP, during its walkabouts, had similarly received feedback from businesses about the cost increases of such items, for example coffee and dairy products. For dairy products, the increase has mainly been in the price of milk products. Prices of milk products have been rising as a result of a shortage of supplies, e.g. a drought in Australia affected its milk exports, and rapid increase in demand in Asia. Thus, the price increase in milk products impacted not just Singapore but also other countries.

4. In general, CAP encourages consumers to shop wisely and to exercise their choice when making purchases, such as opting for lower cost housebrands, as supermarkets have been absorbing the cost increases as much as they can. Not all non-cooked food items, however, have seen price increases. Items such as vegetables and vegetable products (-8.7%), and sugar (-11.9%) have seen price falls. Similarly, seafood prices fell by 2.7% between January and May 2007. Seafood prices generally peaked in the Lunar New Year period and fell subsequently.

¹ The CPI measures the change in the prices of a fixed basket of goods and services commonly purchased by the majority of households.

5. As for the cooked food subgroup, which includes restaurant, fastfood, hawker and catered food, prices have increased marginally (0.3%) between January and May 07. CAP is heartened by the recent calls by two major restaurant associations² to their members to maintain prices after the GST increase. We look forward to more associations coming forward to do likewise.

Table 1: Selected DOS CPI data (Jan – May 07)

Item	Price change from Jan – May 07 (%)
Food	-0.3
• Non-cooked food	-1.0
<i>Biggest increase</i>	
1. Cooking oils	3.2
2. Non-alcoholic beverages	2.8
3. Dairy products	3.2
<i>Biggest decrease</i>	
1. Vegetables and vegetable products	-8.7
2. Seafood	-2.7
3. Sugar	-11.9
• Cooked food (restaurant, hawker, fastfood, catered)	0.3

6. Hawker food prices, another item under the cooked food subgroup, have also remained relatively stable. Since 11 Jun 2007, DOS has commenced a more detailed survey of hawker food and beverage prices, covering close to 1,300 stalls from 39 hawker centres and coffee shops across Singapore. The survey monitors the prices of some 75 popular Chinese, Malay, Indian and Western dishes, as well as beverages.

² The Restaurant Association of Singapore, and the Indian Restaurants Association of Singapore.

7. In the period between 11 and 22 Jun 07, the survey found that only 0.6% of surveyed stalls have raised prices. CAP is encouraged by the survey findings, and believes competition will continue to keep prices stable. DOS will continue to monitor hawker prices over the next few months.

Table 2: Results of DOS Survey on Hawker Food and Beverage Prices
(11 – 22 Jun 07)

Zone	Number of stalls surveyed	Stalls with price increases	
		Number	%
Central	452	3	0.7
East	223	2	0.9
North	197	1	0.5
Northeast	183	2	1.1
West	216	-	-
Total	1,271	8	0.6

8. CAP continues to urge merchants not to profiteer on the pretext of GST increase. The committee will evaluate and investigate every complaint on profiteering it receives. Members of public can provide feedback to CAP via its website (www.cap.org.sg) or email (feedback@cap.org.sg).

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4 JULY 2007