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SINGAPORE: Singapore may be the world's most expensive city for expatriates.

But the cost of living for the average resident, which comprises Singaporeans and permanent residents, is much lower than many other global cities such as Hong Kong.

A study by the Asia Competitiveness Institute (ACI) showed that Singapore is ranked 60th among 109 major cities for the average residents' cost of living.

And the institute said government subsidies played a big part in keeping costs down.

ACI found that the cost of living for the average resident in Singapore relative to other major cities around the world had changed little between 2005 and 2012.

Singapore came in at 60th position among 109 major cities for the average residents' cost of living in 2012.

It was ranked 61st in 2005.

The latest ranking makes it cheaper than cities like Hong Kong, which was ranked 58, and Western cities like New York, Paris and London.

Presenting its findings, ACI said the overall cost of living for average residents in Singapore in 2012 was 35 per cent lower compared to New York.

This was largely due to lower costs of housing, healthcare and education in Singapore.

ACI found that housing in Singapore for average residents was 27 per cent cheaper than New York, medical cost was 75 per cent lower in Singapore and education cost was 73 per cent lower in Singapore.

However, the cost of alcohol and tobacco and transport was higher in Singapore by 86 per cent and 22 per cent respectively.
Assoc Prof Tan Kee Giap, co-director, Public Policy at the Asia Competitiveness Institute, said:
"This is because we have years of subsidies on these three areas and I think after 2011, we found even more targeted subsidies for these three areas and even go on to transportation. This is very important to keep us at position 60, that the government continue to do this kind of subsidies."

Meanwhile, ACI said its study also showed that Singapore is the costliest city for expatriates -- in line with findings from a recent Worldwide Cost of Living survey by the Economist Intelligence Unit.

This was largely due to the strengthening of the Singapore dollar against the US dollar in the last few years.

Assoc Prof Tan said: "The biggest reason why Singapore has gone from position 17 in 2005 to the most expensive in 2012 is due to the exchange rate effect. If we take away the 25 per cent appreciation of the Singapore dollar, our results actually show that for the cost of living for expats, we are 16th, which is not much difference from 2005."

He said residents will also benefit when the Singapore dollar appreciates.

ACI said the cost of living for expatriates is higher than that of average residents as it also reflects the lifestyle choices of expats.

These include eating at expensive restaurants, living in prime districts and sending their children to international schools.

ACI said it is considering the possibility of putting out new affordability indices that track education, transportation, healthcare and housing costs for local residents on an annual basis. And it will take about two years to conduct the study.

- CNA/de