Cost-of-living surveys reflect expatriate, not local, costs

**By JANICE HENG**

A DAY after the Economist Intelligence Unit ranked Singapore the priciest city in the world, Finance Minister Tharman Shanmugaratnam came out to say that such surveys which focus on expatriates do not reflect the living costs of Singaporeans.

He said he knew the report was making the rounds and attracting a lot of attention, and thus it was important to make clear that such surveys “are really aimed at measuring expatriate cost of living in different parts of the world”.

The costs measured differ from those facing an average Singaporean in two important ways: the role of currency, and which goods and services are considered.

“An important reason why we've become expensive for expatriates is that the Singapore dollar has strengthened,” said Mr Tharman, noting that the EIU report itself points out this reason.

That makes things pricier for an expatriate paid in a foreign currency, but it improves Singaporeans’ purchasing power, both at home when buying imported goods and when travelling.

Mr Tharman also noted that the kind of goods and services included in the survey are “quite different from (those) consumed by ordinary Singaporeans”.

The EIU consumption basket includes imported cheese, filet mignon, “Burberry-type raincoats”, four best seats in a theatre, and three-course dinners in high-end restaurants for four people.

“And indeed for these items, Singapore’s expensive,” said Mr Tharman. But such items would not feature in the average Singaporean’s consumption basket.

“It’s not that these surveys are wrong, it’s not that they are misguided,” he said. “They’re measuring something quite different from the cost of living for an ordinary local in different cities around the world.”

Few surveys measure living costs for ordinary residents, but Mr Tharman cited one that did. A 2012 Asia Competitiveness Institute report had separate rankings of living costs for expatriates and a typical local household.

Singapore was the fifth most expensive city out of 109 for expatriates but only 61st for locals, comparable to Hong Kong at 58 and Seoul at 60. “So that’s the basic difference,” said Mr Tharman.

“From time to time, these surveys will come up. I know some people will give it a spin, but it’s measuring something quite different from the cost of living for our residents.”

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