

## **SINGAPORE STANDARD CLASSIFICATION OF INDIVIDUAL CONSUMPTION ACCORDING TO PURPOSE (S-COICOP)**

### **Introduction**

The Singapore Standard Classification of Individual Consumption According to Purpose (S-COICOP) is designed for use in the collection and compilation of data that requires classifying the purpose of individual consumption expenditures, such as the Household Expenditure Survey (HES), Consumer Price Index (CPI) and Private and Government Consumption Expenditures in the National Accounts.

2 The S-COICOP adopts the basic framework of the UN-COICOP, with modifications to cater to the local context. The classification provides a common statistical framework that will facilitate data-sharing among producers of statistics on prices and consumption expenditure. The S-COICOP was first developed in 2007, with a second edition in 2012. This 3rd edition of the S-COICOP reviews the classifications for certain items/services such as cooked food from convenience stores and childcare services to ensure that a consistent approach is adopted by the various producers of prices and consumption expenditure. Changes were also made to better reflect the common consumption items in recent years. For instance, separate codes were created for “community hospitals” and “Other hospitals (e.g. psychiatric hospital)” in view of the increasingly important role that community hospitals play in our healthcare system.

### **Background of COICOP**

3 The UN-COICOP is used to classify individual consumption expenditures incurred by three institutional sectors: households, non-profit institutions serving households (NPISHs) and general government, according to their primary “purpose” or “function”<sup>1</sup>. Individual consumption expenditures are those that are made for the benefit of individual persons or households while “purpose” or “function” relates to the specific need which a transaction (or a group of transactions) aims to satisfy. Goods and services deemed to fulfil similar purposes are grouped together.

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<sup>1</sup> The detailed structure and explanatory notes of the current UN-COICOP can be found in this article (pages 76-117): <http://unstats.un.org/unsd/cr/registry/regdntransfer.asp?f=142>

4 The International Labour Organisation (ILO) which issues international best practice guidelines on CPI recommends that the CPI classification should be reconcilable with the COICOP, at least at its division level'. The ILO resolution also recommends that 'there should be consistency between the classification used for index compilation and the one used for household expenditure statistics'.

### **Nature and Principles of the Classification**

5 In line with the principles of the UN COICOP, S-COICOP categorizes consumption expenditures according to their primary "functions" or "purposes".

#### *Multi- and Mixed Purpose Goods and Services*

6 While most expenditure on goods and services can be classified based on a main purpose, there are instances where the good or service is multi-purpose in nature and thus could be assigned to more than one purpose. For such cases, the general rule is to assign the expenditure to the division that represents the predominant purpose. For example, food consumed at restaurants and other eating places is assigned to Food Serving Services division instead of Food and Non-Alcoholic Beverages division since the purpose of the latter category is for expenditure on food and non-alcoholic beverage not meant for immediate consumption.

7 There are also expenditures which may serve two or more different purposes, such as a tour package, which may include payments for transport, accommodation and food services. For these expenditures, we have to balance the need to obtain a "purpose" breakdown that is as precise as possible against the practical considerations of data availability. Where expenditures or prices can be further split into different categories, they should be classified according to the main purpose of expenditure, in line with the principles of the S-COICOP. Otherwise, they should be classified based on the predominant purpose of the mixed purpose goods or services.

8 For example, expenditures on package holidays are typically classified under "Package Holidays" without separate breakdown for the expenditures on the various components (e.g. transport, accommodation and food services) since it is difficult to obtain the specific breakdown and attribute them to each component accordingly. On the other hand, expenditures on the various components of educational services (e.g. school fees,

hostel fees, school bus fare) can be further broken down and classified accordingly based on their respective purpose or function as details for each component is usually available (i.e. school fees is classified in Division 10, hostel fees in Division 12 and school bus fare in Division 7).

### Structure of the Classification

9 The S-COICOP is a hierarchical structure with 15 broad divisions (Divisions 01-15) at the highest level. Divisions 01-13 capture the expenditure by households while Divisions 14 and 15 capture the expenditure of NPISHs and the general government respectively. The hierarchical structure of the S-COICOP is designed to allow users to collect, compile and provide data at various levels, based on the requirements and data availability.

10 The 15 Divisions are shown below:

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| 01 | Food and Non-Alcoholic Beverages   |
| 02 | Alcoholic Beverages and Tobacco  |
| 03 | Clothing and Footwear  |
| 04 | Housing And Utilities  |
| 05 | Furnishings, Household Equipment And Routine Household Maintenance               |
| 06 | Health   |
| 07 | Transport  |
| 08 | Communication  |
| 09 | Recreation And Culture   |
| 10 | Education  |
| 11 | Food Serving Services  |
| 12 | Accommodation Services   |
| 13 | Miscellaneous Goods And Services   |
| 14 | Individual Consumption Expenditure Of Non-Profit Institutions Serving Households |
| 15 | Individual Consumption Expenditure Of General Government                         |