

GUIDELINES AND CRITERIA ON THE CLASSIFICATION OF PUBLIC SECTOR UNITS AS MARKET OR NONMARKET PRODUCERS

The seven (7) criteria presented in the matrix below serve as guide on the classification of public sector units as market or nonmarket producers, in accordance with the 2014 Government Finance Statistics Manual. The application of these criteria is subject to the assessment of the Department of Finance, in consideration of the unique financial and operational performances of the public sector units that they monitor.

Criteria	Nonmarket Producer	Market Producer
Economically Significant Prices	A public corporation is considered a nonmarket producer when it provides most of their output free or at prices that are not economically significant.	A public corporation is considered a market producer when it provides goods and services for which they charge economically significant prices. Prices are economically significant if sales cover the majority of the producer's costs and consumers are free to choose whether to buy, and how much to buy, on the basis of the prices charged.
Customer Base	A public corporation is considered a nonmarket producer when the customer base is either prescribed by the Government or the Government is the only customer.	A public corporation is considered a market producer when there is absence of restrictions on the customer base.
Competition	A public corporation is considered a nonmarket producer when it is the sole provider of goods and services arising from 1) legislation that restricts or limits other entities in providing similar services or 2) concessional financing from the Government.	A public corporation is considered a market producer when it competes with other providers.
Funding	A public corporation is considered a nonmarket producer when the government provides significant funding, such as loans and operating subsidies.	A public corporation is considered market producer when it is largely self-funded or self-sustaining.
Profitability	A public corporation is considered a nonmarket producer when it is not a potential source of financial gain to the owner (Government).	A public corporation is considered a market producer, when it is a potential source of financial gain to the owner (Government) and this



		should be reflected in a return of equity (e.g., dividend).
Government Direction	A public corporation is considered a nonmarket producer when the Government determines the key aspects of the unit's operations, policies, and programs.	A public corporation is considered a market producer when it transacts at arm's length, usually evidenced by an independent board making decisions on the operations.
Government Protection	A public corporation is considered a nonmarket producer when its liabilities are guaranteed by the Government.	A public corporation is considered a market producer when its liabilities are not guaranteed by the Government.

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