



Department of Finance
Canada

Ministère des Finances
Canada

Deputy Minister

Sous-ministre

Ottawa, Canada
K1A 0G5

2016FIN435982



Mr. Jean-Denis Fréchette
Parliamentary Budget Officer
50 O'Connor St.
Ottawa, ON K1A 0A9

Dear Mr. Fréchette:

Re: Information Request IR0218

The above-noted request, dated April 8, 2016, seeks access to the updated forecast of lapsing spending included in the program expense forecast presented in Budget 2016. Your letter also indicates that these data will be used to prepare a chart consistent with that presented on page 359 of Budget 2015. The requested data can be found in Table 1, below.

Table 1 –Lapse Projection (\$billions)

2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
6.5	6.1	5.4	4.8	4.8	4.8

In addition, please note the footnote on Chart 5.2.2 on page 359 of Budget 2015. Specifically, the footnote states that “*Historical lapses are presented on a cash basis as they are presented in the Public Accounts of Canada. Projected lapses are presented on an accrual basis to be consistent with the fiscal projections*”. That is, the budget’s lapse forecast is deducted from direct program expenses after planned cash only expenditures (i.e. those that do not result in expenses) have been removed from the forecast. These cash only expenditures include those that result in the accumulation of assets

(e.g. purchases of tangible capital assets) or reductions in the government's liabilities
(e.g. expenditures for environmental remediation).

Yours sincerely,

A handwritten signature in black ink, appearing to be 'PR', with a long horizontal line extending to the right.

Paul Rochon

- c. Mr. Douglas Nevison, Assistant Secretary to the Cabinet,
Privy Council Office, Liaison Secretariat for Macroeconomic Policy