



Department of Finance  
Canada

Ministère des Finances  
Canada

Assistant Deputy Minister

Sous-ministre adjoint

Ottawa, Canada  
K1A 0G5

Parliamentary Budget Officer

FEB 02 2017

Directeur parlementaire  
du budget

Mr. Jean-Denis Fréchette  
Parliamentary Budget Officer  
Office of the Parliamentary Budget Officer  
50 O'Connor Street, 10<sup>th</sup> Floor  
Ottawa, ON  
K1A 0A9

Dear Mr. Fréchette:

**Re: Information Request IR0274**

Please see attached, in response to your request dated January 12, 2017, the forecast of the long-term Government of Canada bond rate (i.e. 10-year+ rate) and the methodology used to prepare this forecast. This information represents the Department of Finance's input into the process of setting the discount rates used in the valuation of pension and other employee future benefits in the 2016 *Public Accounts of Canada*. The forecast of the 10-year+ rate is prepared annually by the Department of Finance and provided to the Treasury Board Secretariat, who in turn is responsible for coordinating the process of preparing economic assumptions and for determining the accounting policies used in the measurement and reporting of the Government's pension and other employee future benefit obligations and associated expenses in the *Public Accounts*.

We are unable to provide the following information requested as this does not fall within the responsibility of the Department of Finance, but instead within the responsibilities of the Treasury Board Secretariat:

- The time series and methodology used to derive the discount rates for the 2016 to 2036 period used to measure the present value of the accrued benefit obligations for pensions and other employee future benefits;
- The time series and methodology used to derive the interest rates for the 2016 to 2036 period used to measure the interest expense on pensions and other employee future benefits;
- The time series and methodology used to derive the expected remaining service life assumptions of employees;
- The average remaining life expectancy for each of the wartime veteran plans of wartime veteran beneficiaries;
- Long-term general wage growth estimates; and,

- The formula and data series used to calculate the 20-year weighted moving average of Government of Canada long-term bond rates.

Accordingly, I suggest that you direct your request to the Secretary of the Treasury Board, who is best placed to provide you with this information.



Yours sincerely,

Nick Leswick

- c. Yaprak Baltacıoğlu, Secretary of the Treasury Board  
Katharine Rechico, Assistant Secretary to the Cabinet, Privy Council Office