



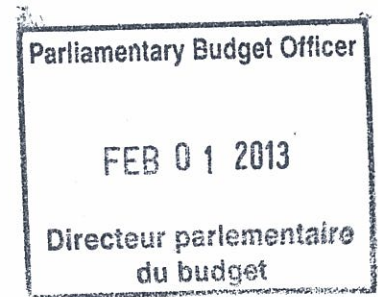
Department of Finance  
Canada

Ministère des Finances  
Canada

Deputy Minister

Sous-ministre

Ottawa, Canada  
K1A 0G5



2013FIN383794

JAN 31 2013

Mr. Kevin Page  
Parliamentary Budget Officer  
Library of Parliament  
Ottawa ON K1A 0A9

Dear Mr. Page:

I am writing with regard to your request for information pertaining to the five-year forecast of infrastructure transfers, as well as forecasted costs relating to changes to the Service Income Security Insurance plan contained in the November 2012 *Update of Economic and Fiscal Projections*.

As mentioned in the Update, the Government decided to discontinue the application of the offset of the Pension Act disability benefits from the Service Income Security Insurance Plan (SISIP), as well as to harmonize Veterans Affairs' disability benefits with the changes to SISIP, in order to ensure that servicemen and servicewomen who become disabled will receive full benefits and services. Under public sector accounting rules, the Government is obligated to record the full cost of these changes in its financial statements immediately. In addition, the Government will accrue an additional small cost in subsequent years as new veterans become eligible for these benefits. The cost of these changes is estimated to be \$1.9 billion over seven years. This estimate comprises \$0.5 billion which was recorded in 2011-12, \$1.1 billion expected to be recorded in 2012-13, and the remaining \$0.3 billion to be recorded in the period of 2013-14 to 2017-18.

Planned spending on infrastructure is revised as better information becomes available on the status of various projects. As reflected in the Update, a portion of infrastructure spending was deferred to future years in light of project delays, which resulted in moving

funds from the current and previous year into future years. The department always ensures that its fiscal projections reflect the most recent information available.

I hope that this is helpful in the conduct of your independent analyses of the nation's finances.

Thank you for your correspondence.

Yours sincerely,

A handwritten signature in cursive script that reads "Michael Horgan". The signature is written in black ink and is positioned above the printed name.

Michael Horgan

c.c.: Mr. Rick Stewart, Assistant Secretary, Liaison Secretariat for Macroeconomic Policy, Privy Council Office