



THE SENATE'S ROLE IN THE SUPPLY PROCESS

INTRODUCTION

Parliament and the executive branch of government have distinct roles to play in administering and monitoring the nation's finances. While the government manages the revenue of the state and can propose how it wishes to spend funds, it cannot spend public monies, impose new taxes or change taxation rates without Parliament's approval.

The federal government's fiscal year runs from April 1 to March 31 of the following year. This means that at several times during any given calendar year, Parliament may be dealing with government funding for either the current fiscal year or the upcoming one.

The approval of the appropriations¹ and the subsequent review of how the monies were actually spent are among the most important tasks that parliamentarians undertake. A series of practices and procedures have developed over time to assist parliamentarians in performing this duty.

Though the Senate has a role to play in such matters, the House of Commons, as the elected house of Parliament, has a leading role in Parliament's consideration of public finance (taxing and spending).² Section 53 of the *Constitution Act, 1867* specifies that "bills for appropriating any Part of the Public Revenue, or for imposing any Tax or Impost, shall originate in the House of Commons". This note briefly explains the financial cycle and discusses the Senate's role in the administration and oversight of fiscal matters.³

HOW THE PROCESS BEGINS

THE BUDGET

The budget outlines the government's broad fiscal, social and economic policies and priorities for the upcoming fiscal year.

The government begins planning for the budget by holding consultations and also taking into account the findings of the House of Commons' Standing Committee on Finance, which holds a separate series of consultations. These inputs can feed into the budget, which is presented by the Minister of Finance to

the House of Commons. The budget is usually presented in February, although this can vary.

Once the budget speech has been delivered in the House of Commons, the Leader or Representative of the Government in the Senate normally tables the budget in the Senate and gives notice of an inquiry relating to the budget, so that senators who wish to debate the proposals it contains have an opportunity to do so.

ESTIMATES

The estimates are distinct from the budget. They contain departmental expenditure plans for existing programs and measures already authorized by law.

In the lead up to a new financial year, the departmental expenditure plans are prepared to inform parliamentarians of the detailed spending plans for each government organization for the coming year. These plans are rolled into one consolidated document called the Main Estimates.⁴ These estimates are presented in the House of Commons by the President of the Treasury Board on or before March 1 and are typically tabled in the Senate either on the same day or shortly thereafter.⁵

As the fiscal year progresses, supplementary estimates are prepared if additional spending authorizations are required. These are identified by letter (A, B, C, etc.) and are treated in the same manner as the Main Estimates. These supplementary estimates are also normally tabled. Normally, Supplementary Estimates (A) are tabled in early May, Supplementary Estimates (B) at the end of November, and Supplementary Estimates (C) in February.

SUBSEQUENT STEPS

STUDY OF THE ESTIMATES

Once a set of estimates has been tabled in the Senate, the Standing Senate Committee on National Finance normally receives an order of reference from the Senate to study and report on the expenditures set out therein. In recent practice the only other committee that the Senate has authorized to study certain expenditures has been the Standing Joint Committee on the Library of Parliament.

It is important to note that, unlike in the House of Commons, the estimates themselves are never referred to committee in the Senate and they are never adopted by the Senate. They are tabled for information purposes only. This reflects the different role of the two chambers in dealing with issues of public finance.

The study of the estimates by the National Finance Committee can be viewed as a pre-study of sorts. The committee's reports, which contain observations and comments on the estimates, provide useful background information for the Senate's upcoming study of the supply bills that will follow after the House of Commons has adopted the estimates.

SUPPLY BILLS

It is through the adoption of supply bills that the Senate consents to the withdrawal of funds from the Consolidated Revenue Fund to pay for expenditures. These bills cover a single fiscal year and are introduced in the House of Commons following its adoption of the related set of estimates.

The House of Commons follows a fairly precise schedule for the consideration and disposal of the business of supply. For more information on the financial procedures of the House of Commons, see the "Financial Procedures" article in the "Our Procedure" section of the House of Commons website.

Once a set of estimates has been adopted by the House of Commons, the consequential supply bill is immediately introduced. The bill goes through the three readings in the House of Commons – often in a single sitting – and then arrives in the Senate by message. The Speaker reads the message for a bill in the normal way – during Routine Proceedings if it was received before the sitting, or at a convenient time during the sitting if it arrives during the sitting.

Supply bills go through the same process as other government bills in the Senate – although notice periods may, with leave, be waived or reduced – with one general exception: they are not customarily sent to committee for study. The extensive study of the estimates undertaken by the National Finance Committee is therefore extremely important in the Senate's consideration of supply. There is generally a preference that the committee's report on the estimates be tabled before the Senate receives the related supply bill, or early in its consideration. However, as noted in the following section, this is not a requirement.

Once the Senate has adopted the bill, a message is sent to the House of Commons. The Senate rarely amends supply bills⁶ and, if it does, it may only propose to reduce the amounts.

CLEARING UP UNCERTAINTY

The Senate has sometimes chosen to vary its approach to supply bills and the related, but separate, process surrounding the National Finance Committee's reports on the estimates.⁷

On December 16, 2011, the Speaker provided senators with guidance and clarification as to the procedural requirements for dealing with the estimates and the consequential supply bill. In his ruling, the Speaker underlined the

fundamental role of the House of Commons in relation to such matters. He also emphasized the fact that the introduction and passage of supply bills are not contingent in any way on the Senate's study of the estimates. His ruling concluded with the following paragraph, which summarizes what is actually required:

To conclude, while it may be helpful to consider or adopt the report of the National Finance Committee related to the Estimates, neither our Rules nor our practice make it essential that the report be received or adopted before the Senate proceeds with a supply bill providing for the related expenditures. Indeed, the Senate can adopt the supply bill without any report. For a particular series of proceedings to be obligatory, it would ... be necessary to amend the Rules of the Senate to clearly reflect such a requirement.⁸

SPECIAL RULES REGARDING SUPPLY

The *Rules of the Senate* specify that a Royal Recommendation⁹ must be attached to a supply bill before the Senate can proceed with its study and that such a bill cannot be amended "to include any clause that is foreign to or different from the matter of the bill".¹⁰ There are no known cases of this rule being invoked.

ROYAL ASSENT

In order for a bill that has been passed by the Senate and the House of Commons to become law, it must receive Royal Assent. The same rule applies for supply bills. Supply bills receive Royal Assent after any other bills on the list for Royal Assent that day. They are presented by the Speaker of the House of Commons (in the case of Royal Assent by traditional ceremony) or by one of the clerks of the House of Commons (in the case of Royal Assent by written declaration), rather than by one of the Senate table officers as is the case for other bills.¹¹

AN IMPORTANT DISTINCTION TO MAKE – APPROPRIATIONS VS BUDGET IMPLEMENTATION

While a supply bill is related to the spending required for the proper functioning of the government and provides funds to existing structures, programs and services, a budget implementation bill establishes or modifies structures, programs, services and other measures announced in the budget. A supply bill and a budget implementation bill are therefore quite different – in brief, one funds existing programs, the other establishes or modifies programs.

Since a budget implementation bill requires a Royal Recommendation, it must be introduced in the House of Commons.¹² When a budget implementation bill arrives in the Senate, it goes through the full legislative process, including referral to committee.

FOR ADDITIONAL INFORMATION ON THE SUPPLY PROCESS

[Senate Procedure in Practice](#) (Chapter 7)

FOR ADDITIONAL INFORMATION ON OTHER POINTS COVERED IN THIS NOTE

[Senate Procedural Note No. 5, Legislative Process](#)

[Senate Procedural Note No. 6, Royal Assent](#)

[Senate Procedural Note No. 9, The Speaker of the Senate](#)

[Senate Procedural Note No. 14, Leave of the Senate](#)

References

- ¹ Appropriation bills authorize the withdrawal of public monies from the Consolidated Revenue Fund based on the estimates for the operations of the government. Section 2 of the *Financial Administration Act* defines “appropriation” as “any authority of Parliament to pay money out of the Consolidated Revenue Fund,” and the same section defines the fund as “the aggregate of all public moneys that are on deposit at the credit of the Receiver General.”
- ² The Senate’s role in financial matters has sometimes been the subject of disagreement between the two houses. A Special Committee on the Rights of the Senate in Matters of Financial Legislation reported to the Senate on May 15, 1918, and its report (often referred to as the Ross Report) was subsequently agreed to. A main conclusion was that the Senate has the power to amend money bills that appropriate any part of the revenue or impose a tax by reducing the amounts therein, but that it does not possess the right to increase. The conclusions of the Ross Report are still referred to and relied upon. See Speaker’s ruling, *Journals of the Senate*, November 29, 2016.
- ³ See *Senate Procedure in Practice*, June 2015, pp. 152-158 and p. 188. For more information on the parliamentary cycle and the associated financial procedures, see *House of Commons Procedure and Practice*, 3rd ed. (2017), Chapter 18 and Library of Parliament publication no. 2015-41-E (revised September 24, 2021) entitled *The Parliamentary Financial Cycle*. See also Chapter 10 of the *Standing Orders of the House of Commons*.
- ⁴ For information on what is contained in the Main Estimates, see *House of Commons Procedure and Practice*, 3rd ed. (2017), pp. 864-865.
- ⁵ The document is tabled by the Leader or Representative of the Government, or the Deputy Leader or Legislative Deputy of the Government, pursuant to rule 14-1(1).
- ⁶ In 1989, the Senate proposed an amendment to Bill C-14, Appropriation Act No. 1, 1989-90. However, the House of Commons disagreed with it. The Senate did not insist on its position, and the unamended bill received Royal Assent (*Journals of the Senate*, May 11, 1989, pp. 92-93 and May 17, 1989, pp. 107-108).
- ⁷ See, for example, Bill C-9, Appropriation Act No. 2, 2011-12, which was passed before the corresponding committee report was presented in the Senate (see *Journals of the Senate*, June 26, 2011, p. 157). See also Bills C-49, Appropriation Act No. 4, 2006-07, and C-50, Appropriation Act No. 1, 2007-08, which were voted on at second reading stage before their corresponding reports were adopted (see *Journals of the Senate*, March 27, 2007, pp. 1212-1213). This situation has arisen on a number of occasions in the past. For example, during the 1995-96, 1996-97 and 1997-98 fiscal years, the Senate did not adopt any report of the committee dealing with the expenditures set out in the Main Estimates. Before that, a number of interim supply bills were adopted without the Senate having adopted a report of the National Finance Committee on the related expenditures in the estimates.

⁸ Speaker's ruling, *Journals of the Senate*, December 16, 2011, p. 796.

⁹ The Royal Recommendation is "[t]he authorization provided in a message of the Governor General for the consideration of a bill approving the spending of public monies proposed in a bill. It is provided only by a minister, only in the House of Commons. This requirement is based on section 54 of the *Constitution Act, 1867*" (Appendix I of the Rules). See *Senate Procedure in Practice*, June 2015, pp. 153-155 for additional information on the Royal Recommendation as it relates to the Senate. A report was made to the Senate on February 13, 1990, by the National Finance Committee on the form and use of Royal Recommendations (see *Journals of the Senate*, p.563).

¹⁰ Rules 10-7 and 10-8.

¹¹ See *Senate Procedure in Practice*, June 2015, pp. 50-53.

¹² See *Senate Procedure in Practice*, June 2015, pp. 157-158 on budget implementation bills.