



# House of Assembly

*Newfoundland and Labrador*

## The Budget and Related Proceedings in the House of Assembly



August 2011



## The Historical Basis

The very essence of a Parliament or Legislative Assembly lies in its role respecting public taxation and spending. The origins of the English Parliament lay in resistance to the Monarch imposing taxation without the consent of those taxed. The King was expected to meet most public expenses, such as the military, out of his personal revenues. If this was not possible, the Parliament was summoned to discuss what 'supply' could be granted to the Monarch. ('Supply' is derived from the same root as 'supplement'; any money granted was intended to supplement the Monarch's own resources.)

Since the Magna Carta of 1215, the English barons had demonstrated that they had the power to unite as national leaders against the King and that it would be difficult for the King to extract money from reluctant subjects. If pushed too far, reluctant subjects might rebel. The nobles and 'commoners' accepted that the Monarch (the 'Crown') governed and, eventually, the Crown accepted that it had to request or recommend 'supply' from the Parliament and could no longer levy taxes without Parliament's consent. By the early 15<sup>th</sup> century, it was an established principle that the Crown could only recommend - while it was Parliament which granted - supply, the money required to undertake public expenditures.

Nevertheless, the early English Parliament was not quite the democratic institution we think of today. The King chose which nobles he would summon to a Parliament. He also selected which boroughs would be directed to send representatives of the commoners. Parliament did not meet until summoned by the King and it could not continue after he dismissed it. All the work of a Parliament was done in the King's name and royal

approval of all matters was necessary. Today, the Crown - through the Lieutenant Governor – continues to summon Members to the House of Assembly, prorogues Sessions and dissolves the General Assembly. Royal Assent, given by the Lieutenant Governor, is still necessary for all legislation.

Early in the history of the English Parliament, committees came to play a central role in financial matters. In 1685, Bills to raise a tax were referred to a Committee of the Whole House *“to the end that there may be fuller opportunity for debates, for that at a committee the Members have leave to speak as often as they see cause, and that such Bills, being of general concernment, should be most solemnly proceeded in and greatly weighed.”* Debate in Committee, rather than the House, removed the Speaker from the deliberations, as he left the Chair. For any such Bills touching financial matters, Notice in advance had to be given.

The raising and spending of public money were directly connected. Requests from the Crown for money, in estimated amounts for specified purposes, were considered and approved by a Committee of the Whole House called Committee of Supply. When a decision on that request had been reached, a second Committee of the Whole House, called Committee of Ways and Means, considered how to raise the money for that purpose. When the Committee of Ways and Means came to a decision, a Bill would be introduced which empowered the Crown to raise the money in the manner approved by the Committee of Ways and Means and also to spend up to the amount approved, for the purposes designated, by the Committee of Supply.

This interconnection of a specific tax with specific spending continued until 1786, when the creation of the Consolidated Fund removed the need to match a specific program expense with a particular revenue source. Once the Committee of Supply had agreed to the expenditure of certain sums, the Ways and Means Committee would look to the Consolidated Fund to pay for the approved expenditures.

An appropriation, or Supply, Bill is introduced to set aside from the Consolidated Fund those amounts required for the purposes recommended by the Crown. Appropriations are always made with a time limit; the spending authorization provided under a Supply Act expires at the end of the fiscal year to which the Act applies. Supply bills merely set aside, or appropriate, funds; they do not require the Crown to spend all or any of the money which has been appropriated.

Today, the Crown acts on the advice of the Executive Council, or Cabinet. Formal decisions are said to be made by the Lieutenant-Governor in Council. In practical terms, Cabinet has become the Crown and assumed the executive duties and powers formerly held by the Monarch. As a result, the accountability measures which were applied to the Monarch are now enforced by the House on the Government of the Province. In a system of Responsible Government, the Executive must continue to request Supply from the House of Assembly, the ultimate authority for public spending.

## Our Current Framework

These various principles established through the centuries in the British parliament are still applied in the Newfoundland and Labrador House of Assembly today. They can be found in the ‘customs and usages’ of our House, in the Standing Orders of the House, in Canada’s *Constitution Act, 1867*, and in our province’s *Financial Administration Act*.

- Section 22 of the *Financial Administration Act* establishes that public money cannot be spent without the authority of the Legislature.
- Our Standing Order 58 (1) establishes that only a Minister of the Crown may introduce motions respecting budgetary or taxation measures.
- Section 54 of the *Constitution Act, 1867* provides that any expenditure for which the Government is seeking approval must be recommended by the Monarch’s representative – in our case, the Lieutenant Governor. This is the Royal Recommendation or “financial initiative of the Crown”. Only the Crown initiates public expenditure and a legislature may only authorize amounts recommended by the Crown for the purposes recommended by the Crown.
- Our Standing Order 62 - in language unchanged since 1667 - establishes that any matter respecting “public aid or charge upon the people” requires advance notice (“*debate thereof may not presently be entered upon*”). Additionally, such a financial matter must be addressed in a Committee before the House makes a decision:

*62. If any motion be made in the House for public aid or charge upon the people, the consideration and debate thereof may not be presently entered upon, but shall be adjourned till such further day as the House thinks fit to appoint; and then it shall be referred to a Committee of the Whole House, before any resolution or vote of the House do pass thereupon.*

- Section 12 of the *Financial Administration Act* establishes our Consolidated Revenue Fund:

*12. All public money over which the Legislature has power of appropriation, excepting money that is otherwise specially disposed of by the Legislature, shall form a Consolidated Revenue Fund to be appropriated to the public service of the province.*

In summary, Members of the House of Assembly engaged in budgetary proceedings are part of a centuries-old tradition of citizens deciding for themselves what public goals are desirable and what taxation they will impose to achieve those ends.

## **The Opening of a new Parliamentary Session - the Speech from the Throne**

During the Speech from the Throne which opens a new Session of the House of Assembly, the Lieutenant Governor traditionally addresses the Members of the House of Assembly with these words:

*Estimates of expenditure will be laid before you  
in due course and you will be asked to grant  
Supply to Her Majesty.*

This expresses the centuries-old practice by which the Crown requests supply from the Legislature.



## The Business of Supply and Ways and Means

The business of **Supply** is the process by which Government submits its projected annual expenditures to the House for approval in order to meet its financial obligations and implement programs approved by the House of Assembly.

The business of **Ways and Means** is the process by which Government presents its annual fiscal and social agenda and obtains the resources necessary to support its budgetary plans. The entire process includes the Budget presentation and any taxation and loan measures required to raise the funds necessary to carry out the policies announced in the Budget.

The proceedings in the House of Assembly which culminate in the passage of legislation implementing Government's spending and budgetary plans for a financial year consist of a number of separate stages involving debates which take place over a period of several weeks, some of them concurrently. These proceedings include:

1. the Budget presentation and ensuing debate/vote;
2. the Estimates review and related debates/votes;  
and
3. the Main Supply Resolution and Bill and related debates/votes.

Associated financial proceedings may also include:

- any taxation or loan (Ways and Means) Bills and related debates/votes;
- Interim Supply and related debates/votes; and
- Supplementary Supply and related debates/votes.

## 1. The Budget

### **Budget Day**

Shortly after the opening of a new legislative Session, the Minister of Finance delivers the Budget Speech and presents the Estimates for the coming fiscal year.

(Frequently, an Interim Supply Bill must be passed before Budget Day. This is the case if the Budget is brought down late in one fiscal year and the Main Supply Bill will not receive Royal Assent before April 1, the start of government's fiscal year. Interim Supply finances government operations between the end of the fiscal year and the passage of the Main Supply Bill. )

On Budget Day, the Minister of Finance (who must have given Notice at a previous sitting) moves the following Motion:

***“That this House approves in general the budgetary policies of the Government.”***

The Minister then delivers the Budget Speech. In doing so, s/he is the first speaker to this Motion in what is referred to as the “Budget Debate”. The Budget Debate continues over the next several weeks. On the first day, however, the Minister of Finance is the only speaker to this Motion. When the Minister concludes the Budget Speech, s/he moves adjournment of the debate.

(Additional Budget Day proceedings are outlined in Section 2 – The Estimates, on page 10.)

## **Budget Debate**

When the Budget Debate continues on a subsequent day, an Opposition speaker (often the Finance critic) has the floor. Standing Order 46 (4) allows the person responding to speak for twice the period of time used by the Minister of Finance in the Budget Speech, or three hours, whichever is greater.

There is no set time limit on the Budget Debate in our House of Assembly, as there is in some jurisdictions. The length of the debate is limited only by the number of speakers who wish to participate, subject to the Standing Orders respecting speaking times.

The Official Opposition traditionally moves an amendment to the Budget Motion and will often move a sub-amendment as well. The Budget Debate, in those circumstances, affords Members the opportunity to speak three times if they wish: once to the main motion, once to an amendment and once to a sub amendment. The Budget amendment is traditionally considered a non-confidence motion which, if carried, signifies that the government has lost the confidence of the House and must resign or ask the Lieutenant Governor to dissolve the House.

When there are no further speakers to the Motion and the Budget Debate concludes, the Motion – “***That this House approves in general the budgetary policy of the Government***” – comes to a vote.

The Budget Debate is a separate and distinct proceeding from the proceedings discussed in the next two sections: the Estimates and the Main Supply Bill. Approval of the Budget Motion expresses the general confidence of the

House in the Government's financial plan for the fiscal year; it does not result in any specific measures.

## 2. The Estimates

### **The Royal Recommendation:**

On Budget Day, once the Minister of Finance has concluded the Budget Speech, s/he moves the adjournment of the Budget Debate. The Minister then informs the Speaker that s/he has received a Message from the Lieutenant Governor.

This Message is the **Royal Recommendation** [as required by s. 54 of the *Constitution Act, 1867*], the means by which the Crown recommends the withdrawal of funds from the Consolidated Revenue Fund:

54. *It shall not be lawful for the House of Commons\* to adopt or pass any Vote, Resolution, Address, or Bill for the Appropriation of any Part of the Public Revenue, or of any Tax or Impost, to any Purpose that has not been first recommended to that House by Message of the Governor General in the Session in which such Vote, Resolution, Address, or Bill is proposed.*

\* [This principle applies to all Provincial Legislatures by virtue of s. 90 of the *Act*.]

The Speaker reads the Royal Recommendation aloud to all Members. The Message from the Lieutenant Governor states:

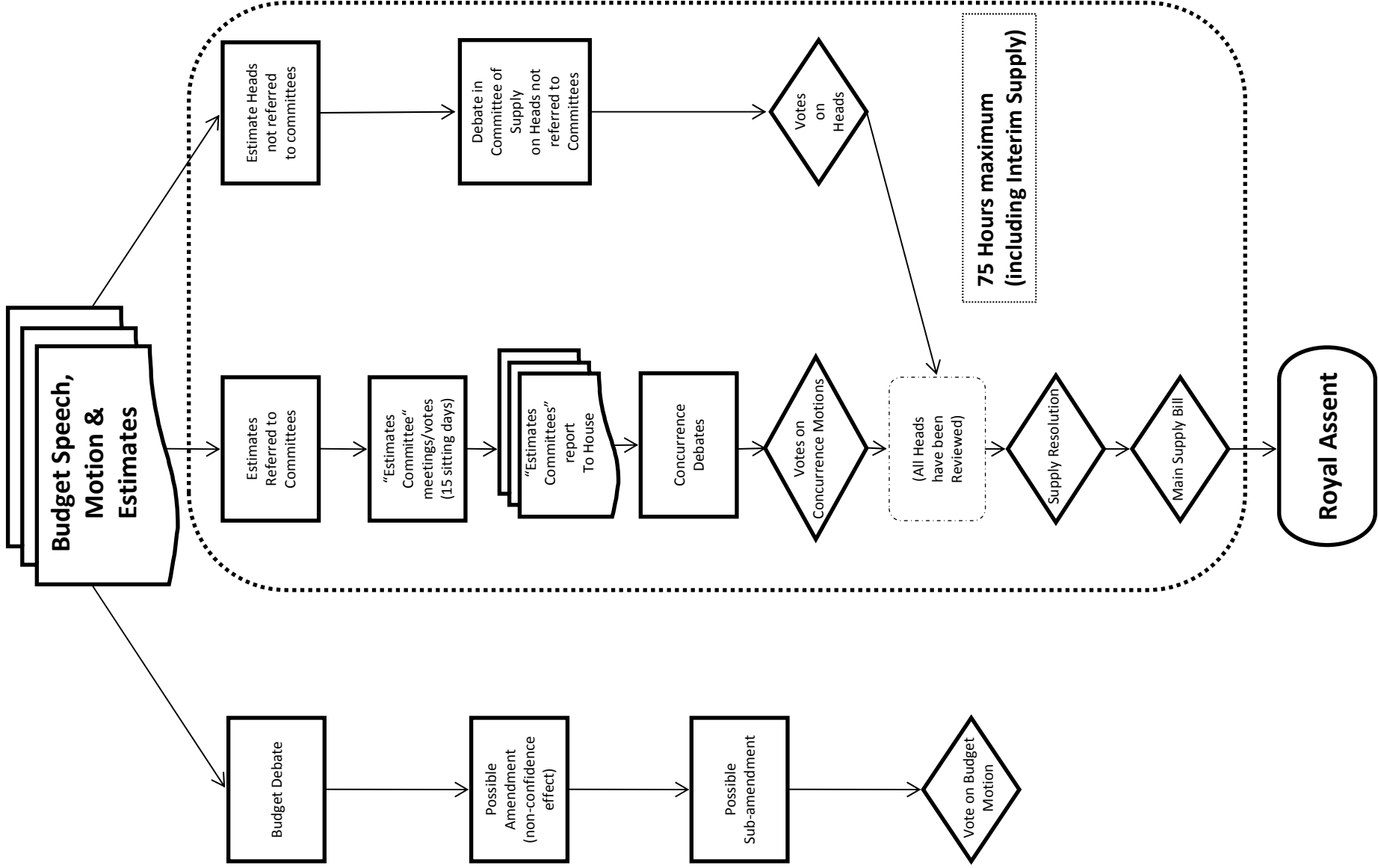
*“As Lieutenant Governor of the Province of Newfoundland and Labrador, I transmit Estimates of sums required for the Public Service of the Province for the year ending 31 March [year], in the aggregate of \$ [amount], and in accordance with the provisions of sections 54 and 90 of the Constitution Act, 1867, I recommend these Estimates to the House of Assembly.”*

The amount recommended in the Royal Recommendation addressed to the House on Budget Day is the total of the estimates found in the Interim Supply Bill (which may already have been passed) and the Main Supply Bill.

## **Referral of Message and Estimates to Committee of Supply**

Once the Speaker has read the Message, or Royal Recommendation, to the House, the Minister of Finance moves that the Message and the Estimates for the forthcoming year be referred to a Committee of the Whole House on Supply. The Committee does not begin the examination of the Estimates on Budget Day, which is a day of formalities in the House. Instead, the Budget documents are merely circulated to all Members while they are in Committee, and then a motion is made that the Committee rise, “report progress” and ask leave to sit again. In reporting progress and asking leave to sit again, the Committee signifies that it has not concluded the consideration of the matter referred to it.

Committees of the Whole House are composed of all Members sitting in the Assembly Chamber, presided over



by the Deputy Speaker or Deputy Chair of Committees, rather than by the Speaker, who vacates the Speaker's Chair and leaves the Chamber. The Chair of the Committee sits at the Table of the House in the Clerk's place and the Mace is placed on brackets under the Table. (When the Speaker is in the Chair and the House, rather than one of its Committees, is in session, the Mace is on the Table.) The use of a Committee of the Whole for certain deliberations, especially financial ones, is a legacy of the struggle for power between the Crown and the Commons. The Speaker was seen as the 'King's man', so certain deliberations took place in Committee in order to be free of the Speaker's influence.

The Committee of the Whole House is often termed Committee of the Whole. It may also be named for its specific purpose, such as Committee of Supply or Committee of Ways and Means.

The flexible speaking rules in Committee allow more effective consideration of detailed matters, such as the Estimates. In Committee, Members may speak to the matter as often as they wish in ten-minute segments, whereas in the House, with the Speaker in the Chair, they may speak only once.

## **Estimates referred to Standing Committees**

Our Standing Orders allow for the referral of Estimates to Standing Committees. This is accomplished through a Motion proposed by the Government House Leader.

The House may establish Committees specifically for the purpose of examining the Estimates but it has traditionally used the existing Standing Committees: the Resource, Government Services and Social Services Committees.

(While reviewing the Estimates, they are often called “Estimates Committees”.) These three Committees broadly correspond to the sectors used to categorize the Estimates. These Committees, currently composed of nine Members, always have a government majority. They sit in the morning and/or evening when reviewing the Estimates so that the House can continue with the Budget Debate and other business during the afternoons in the Spring sitting.

The House traditionally refers all but three Heads of Expenditure - the Legislature, Consolidated Fund Services and Executive Council - to Standing Committees. Those not referred to Standing Committees are reviewed in a Committee of Supply in the House.

### **Procedure in Standing Committees reviewing Estimates**

The Minister and departmental officials appear at the Committee meetings to answer questions on their departmental estimates. The Committee may operate under the same Standing Orders as a Committee of the Whole but, in practice, the procedure tends to be less formal. However, it is still a proceeding of the House. For instance, Hansard produces a transcript of the debate. For the benefit of the Broadcast Centre which records the proceedings, the Committee Clerk requests that officials appearing with the Minister fill out a seating plan to ensure the accuracy of the transcript.

The Minister may begin with a 15-minute opening statement, just as a Member may make an opening statement in Committee of the Whole. Typically, a Member from the Opposition may then speak and is permitted a 15-minute response. After the opening



statement and response, the debate may continue in 10-minute segments, just as it would in Committee of the Whole. In practice, the Committees, by agreement, often use a shorter question and answer format, and the formalities observed in Committee of the Whole are set aside. Standing Committees have certain latitude in determining their own procedures.

Committee Members direct their questions to the Minister, not to the officials. The Minister answers policy questions but may defer to an official for the answer to a technical question or may consult an official before answering.

The Estimates document is divided broadly into three Sectors – General Government, Resource and Social Sectors - and then into Departments, termed Heads of Expenditure. The Heads may also be divided into Programs and Sub-programs. The Committees vote on each subhead (or Activity) - such as **1.1.01. Minister's Office** - within the Head of Expenditure. The subdivisions (or Main Objects, such as "Salaries" or "Purchased Services") within each subhead are not subject to votes.

Traditionally, the debate on the Minister's Office Activity, which is the first subhead of most Heads, is wide-ranging and relates to policy matters of the Department. Committee Members then ask questions, if they wish, on the amounts related to the Main Objects, those items numbered 01 to 10 within the subhead. The practice has been that Opposition Members lead the questioning throughout the meeting. When Members have finished their questioning, the Committee votes on the estimate for each subhead. Quite often, the Committee will forego the individual subhead votes as they progress through the Head and then vote on all subheads as the meeting comes to an end: for example, they may vote on subheads: "**1.1.02 to 5.1.01 inclusive**".

Certain amounts are included in the Estimates document for information purposes only and are not voted upon. These include statutory items – expenditures specifically authorized by other Acts of the Legislature, such as debt servicing costs – as well as certain revenues estimates. The Committees have three options when voting on the Estimates: to approve, to reject, or to reduce an amount. The Committee may not vote to increase an amount, as this would violate section 54 of the *Constitution Act, 1867*, nor may the Committee (or the House) re-direct an amount in the Estimates to a different purpose. The Royal Recommendation establishes not only the amount of money, but also its purposes, conditions and qualifications. A Royal Recommendation is required not only to appropriate money but also if the specific purpose for the money is significantly altered.

While Committees tend to sit for up to three hours per Head referred to them, they are free to hold multiple meetings on a given Head within the 15 sitting days allocated in the Standing Orders for the Estimates Committee process. The Committees must conclude their voting by the end of the fifteenth sitting day following referral by the House to the Committees, whether matters have been dealt with or not.

## **Concurrence Debates – Debate in the House**

When a Standing Committee has completed its review of the Estimates referred to it, the Chair of that Committee reports to the House that the Committee has approved (or otherwise) the Estimates referred to it. This reporting takes place during Routine Proceedings: Presenting Reports by Standing and Special Committees. A motion to concur ( a “concurrence motion”) in each Committee

Report is deemed to be before the House once the Report is presented and that Order is then placed on the Order Paper under the heading, Committee of Supply.

When that Order is called by the Government House Leader, the Concurrence Motion is debated for up to three hours. As Committees can report only to the House, and not to other Committees, these Concurrence debates take place in the House, with the Speaker in the Chair, rather than in the Committee of Supply. The House then votes on the motion “that the report be concurred in”.

As the three Committees have reviewed almost the entire Estimates document, concurring in the Committee Reports means the House has approved most of the Estimates.

## **Estimates reviewed in Committee of Supply**

Traditionally, three heads of Expenditure - the Legislature, Consolidated Fund Services and Executive Council - are reviewed in Committee of Supply rather than being referred to a Standing Committee. The procedure for reviewing Estimates in Committee of Supply is similar to that used in the Standing Committees except that it is a Committee of the Whole House which is conducting the review. Proceedings in Committee of Supply are more formal than they are in Estimates Committees. Departmental officials do not sit in the House when the House is in Committee of Supply, although they may follow the televised proceedings from adjacent offices in the precinct of the House in case a Minister needs to consult with them. The Chair or Deputy Chair of the Committee presides, as is always the case in a Committee of the Whole.

The Committee of Supply uses the time remaining (see **Time Limit on Estimates Procedure**, below), if any, to debate these Heads not referred to a Standing Committee. If all the time has been used elsewhere, the remaining Heads must be voted on with no debate. When the Heads not referred to an Estimates Committee have been passed (or otherwise), the Committee rises and the Chair of the Committee reports to the House on the outcome of its deliberations.

### **Time Limit on Estimates Procedure**

The Standing Orders establish a time limit of 75 hours for reviewing the Estimates, debating Interim Supply and debating Main Supply. The Committees may sit as often and for as long as they wish over a period of 15 sitting days of the House once the Estimates have been referred to them by the House. The Committees may debate for as long as they like within that time period but they are deemed to have used three hours per Head referred. In recent years, the number of separate Heads or units referred has often been 18. Therefore, 54 hours (18 x 3) of the 75 hour maximum are deemed used in these Committee meetings, regardless of the actual time used.

The number of hours used in Interim Supply proceedings is also deducted from the 75 hours. If, for example, six hours had been used in Interim Supply proceedings and 18 Heads were referred to the Standing Committees, a total of 60 hours (54 plus 6) would have been used or deemed used.

When the Standing Committees have finished their work, they report to the House. The motion to concur in each Committee report may be debated for a maximum of three hours, a total of nine for the three reports. The 75

hour total is reduced by nine hours whether or not the maximum allocated time has used.

In the example we have been using, the nine hours deemed used for concurrence motions would be added to the 60 hours for a total of 69 hours. The remainder of the 75 hours – six hours - may be used in the debate on the Heads to be considered in Committee of Supply and/or on Main Supply. Typically, the remaining time is spent on the three Heads – the Legislature, Consolidated Fund Services and Executive Council - and the Main Supply Resolution is voted on without debate.

### 3. Main Supply

Only after the three Committee Concurrence Motions, and the three Heads reviewed in Committee of the Whole have been passed, is the Main Supply Bill (with Resolution) introduced. The Minister of Finance again informs the House that he has received a Message (a Royal Recommendation) from the Lieutenant Governor.

The Speaker reads the Message which recommends that the House approve Supply in the amount contained in the Estimates (minus any amount already approved through Interim Supply). The Minister of Finance then moves that the Message be referred to the Committee of Supply.

All supply measures are preceded by a Resolution which, together with the Bill, is referred to the Committee of Supply. The Resolution reads:

*“That it is expedient to introduce a measure to provide for the granting to Her Majesty for defraying certain expenses of the public service for the financial year ending March 31 [year], the sum of [amount].”*

Once the Committee has voted on and approved the Resolution - *“that it is expedient to introduce a measure... etc.”* - the Committee debates (if time permits) and votes on the clauses, schedule, enacting clause, preamble and long title of the Main Supply Bill. However, if there is no time left from the 75 hours, the Committee immediately votes on the Resolution and the clauses, etc., of the Bill. The Minister of Finance then moves that the Committee approve the total contained in the Estimates and that the Committee report having passed a Resolution and

recommends that a Bill be introduced to give effect to that Resolution.

The Committee votes on this motion. The Committee then rises, having directed the Chair to report that they have carried the amount contained in the Estimates and passed a Resolution and to recommend the introduction of the Supply Bill. Once this report is received by the House, the Government House Leader (usually) moves the reading of the Main Supply Resolution, which is done twice by the Clerk.

Once the Resolution has been read twice, the Main Supply Bill is given the traditional three Readings for a Bill but without debate and without being referred to Committee of the Whole, since the substance of the Bill has already been considered through the Estimates review process.

Although the Bill and Resolution are considered together in the Committee of Supply, only the Resolution is voted upon in the Committee. The Committee of Supply is deciding whether “it is expedient to introduce a measure” – i.e., a Supply Bill – to grant supply to Her Majesty. By considering the Bill at the same time as the Resolution, the Committee is familiar with the “measure” to be introduced in the House.

The Supply Bill often receives the Royal Assent on the day it is passed or soon after, either in a ceremony in the House of Assembly or at Government House. Royal Assent is given after the Speaker requests it on behalf of the House with these words:

*“It is my agreeable duty on behalf of Her Majesty’s dutiful and loyal subjects, Her Faithful Commons in Newfoundland and Labrador, to*

*present to Your Honour a Bill for the appropriation of Supply granted in the present Session.”*

The Clerk then reads the long title of the Supply Bill and the Lieutenant Governor responds:

*“In Her Majesty’s Name, I thank Her Loyal Subjects, I accept their benevolence, and I Assent to this Bill.”*

The Lieutenant Governor then signs the Bill and it is in force as of that date.









## Additional Information

*Additional information on the historical aspects of parliamentary financial procedures can be found in O'Brien and Bosc, House of Commons Procedure and Practice, and other parliamentary authorities. The Legislative Library can assist in providing these and other parliamentary resources.*

*For additional information on Government's financial practices once Supply has been granted by the House, see the Introduction to the annual Estimates document and the following two documents from the Office of the Comptroller General:*

*Financial Management Handbook, and*

*Financial Management Policy Manual,*

*Both are available at:*

*<http://www.intranet.gov.nl.ca/comptroller>*

