When a prime minister dies or resigns, the Cabinet comes to an end. If this prime minister's party still has a majority in the Commons or the assembly, then the governor general or lieutenant-governor must find a new prime minister at once. A prime minister who resigns has no right to advise as to a successor unless asked, and even then the advice need not be followed. If the prime minister's resignation comes as a result of defeat in an election, the leader of the Opposition is called on to form a government. If the prime minister dies, or resigns for personal reasons, then the governor general or lieutenant-governor consults leading members of the majority party as to who will be most likely to be able to form a government that can command a majority in the House. The person with the best chance is then called on. This new prime minister will, of course, hold office only until the majority party has, in a national or provincial convention, chosen a new leader who will then be called on to form a government.

The Cabinet consists of a number of ministers. The national Cabinet now usually has more than 35 and provincial Cabinets vary from about 10 to 30. Most of the ministers have "portfolios," that is, they are in charge of particular departments (Finance, External Affairs, Environment, Health and Welfare, etc.) and are responsible, answerable, accountable, to the House of Commons or the assembly for their particular departments. There are also, sometimes, ministers without portfolio who are not in charge of any department; or ministers of state who may be in charge of a particular section of a department or of a "ministry" which is not a full-fledged department. The ministers collectively are answerable to the House of Commons or the assembly for the policy and conduct of the Cabinet as a whole. If a minister does not agree with a particular policy or action of the government, he must either accept the policy or action and, if necessary, defend it, or resign from the Cabinet. This is known as "the collective responsibility of the Cabinet" and is a fundamental principle of Canada's form of government.

The Cabinet is responsible for most legislation. It has the sole power to prepare and introduce tax legislation and legislation involving the expenditure of public money. These "money bills" must be introduced first in the House of Commons, and the House cannot introduce them or increase either the tax or the expenditure without a royal recommendation in the form of a message from the governor general. Money bills cannot be introduced in the Senate and the Senate cannot increase either a tax or an expenditure. However, any member of either house can move a motion to decrease a tax or an expenditure, and the house concerned can pass it, though this hardly ever happens.