The Law Giveth and The Law Taketh Away

Pension Freezing an Annual Ritual of Parliament

Every year, both chambers of the UK parliament agree to new rates of social insurance benefits – including all state pensions – for the next 12 months. This is always closely followed by further legislation imposing the freezing regime on countries such as Canada, Australia and South Africa. In effect, every year we in Canada are awarded a pension increase, only to have it almost instantly willfully snatched away!

This annual parliamentary "now you see it, now you don't" ritual of uprating followed by removal-of-uprating takes place in three distinct steps:

Step 1: The draft 'Uprating Order' is laid before the House in October/November. It proposes a new across-the-board pension rate for the next fiscal year, starting April 6, and is accompanied by cost estimates.

Step 2: The actual 'Uprating Order' containing the new across-the- board pension rates is laid before parliament in early March. With its passage, the new state pension rate is approved for all pension recipients regardless of country of residence.

Step 3: 'Uprating Regulations' revoking the new pension rates for recipients living in some 150 selected countries (including Canada) are then laid before the House. The Uprating Regulations are a "negative instrument," meaning they are automatically approved unless a motion against adoption is moved and passed within 40 days of the regulations being laid. In spite of attempts to the contrary (e.g., EDM 1851 in the 2005-2006 parliamentary session), such a motion has never yet been passed and so the freezing of our pensions is permitted to be systematically and passively re-imposed each and every year. We need to work towards ensuring that a similar EDM will be introduced in 2007 – and this time, will succeed.