



Ken Neumann
National Director/ Directeur national

Via Email and Regular Mail

November 4, 2015

Premier Kathleen Wynne,
Legislative Building
Queen's Park
Toronto ON M7A 1A1

Premier Wynne,

We are the Canadian National Director and the Ontario District Director of the United Steelworkers (USW).

As you are no doubt aware, representatives of the USW have been in regular communication with representatives of the Government of Ontario regarding the insolvency of US Steel Canada Inc. ("USSC").

You will also be aware that, as a result of that insolvency, some 20,000 retirees and surviving spouses have suffered the loss of post-retirement health care benefits (or "OPEBS" i.e. other post-employment benefits). In the Decision of the Superior Court of Justice – Ontario released on October 14, 2015¹ ("the Decision"), Mr. Justice H. Wilton-Siegel stated that:

Employment in steel mills is a dangerous occupation in a hazardous environment. These employees and former employees accepted these risks on the understanding that they would have access to any necessary medical coverage should they become injured or ill as a consequence of their employment. The current and retired employees of USSC, particularly those who work or have worked at the older Hamilton Works, rely heavily on the OPEBS to address medical conditions involving chronic illness or injury that is often related to their employment. This is therefore a very important issue to the USW, including their Local 1005, and to the union retirees who understandably regard the OPEBs as part of their compensation that should not be suspended, even temporarily.

Notwithstanding the facts that OPEBs were earned by retirees as deferred wages, and are critically important to the treatment of maladies often caused by their employment, the Decision granted the request by USSC, among other things, to suspend OPEB payments. Retirees and their spouses are now required to attempt to pay for treatments which are required for their survival and quality of life and which are often prohibitively expensive.

The Government of Ontario has acknowledged that the suspension of OPEBs creates intolerable burdens and has offered a fund of three million dollars for eligible retirees. However, the estimated annual cost of providing OPEBS to all affected retirees is in the range of forty million dollars. Clearly, Ontario's

¹ U.S. Steel Canada Inc. (Re), 2015 ONSC 6331

response is completely inadequate. The \$3M fund proposed by the Province is hardly worth the cost of setting up a mechanism to determine how it would be allocated and to whom. More provincial money is needed.

Until very recently, USSC was a wholly owned subsidiary of United States Steel Corporation (“USS”). USS has now announced its desire to “disengage” and walk away from USSC and the Canadian operations. This announcement was the major basis on which USSC sought and obtained court approval to suspend payment of OPEBs.

But addressing the current OPEBs crisis is only the immediate problem. The underlying problem is that the American Parent has walked away from USSC, leaving it insolvent, without meaningful access to customers and revenue, and facing imminent closure of both LEW and HW. The Government of Ontario must consider whether and how it will create conditions necessary to maintain a domestic steel industry in Ontario, knowing that the steel industry supports economic growth and jobs in the automotive industry, the construction industry, resource development, and myriad other key drivers of the Ontario economy.

The USW calls on the Government of Ontario to provide funding necessary for USSC, as an independent Canadian corporation, to survive the current challenges and to plan for future operations. This includes funds for the necessary furnace reline at LEW to ensure the continued viability of the operation going forward.

We request to meet with you as soon as possible to discuss these issues.

We look forward to hearing from you.



Ken Neumann
National Director for Canada



Marty Warren
Director of USW District 6

c.c.: MPP Toby Barrett-Haldimand Norfolk
MPP Andrea Horwath – Hamilton Centre
MPP Dave Levac – Brant
MPP Paul Miller – Hamilton East Stoney Creek
MPP Monique Taylor –Hamilton Mountain

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