



Ken Neumann  
National Director/ Directeur national

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VIA EMAIL AND REGULAR MAIL

November 4, 2015

OPEN LETTER TO PRIME MINISTER TRUDEAU  
Office of the Prime Minister  
80 Wellington Street  
Ottawa, ON K1A 0A2

I am the Canadian National Director of the United Steelworkers (USW), a union that represents over 225,000 Canadian working people employed in nearly every part of the Canadian economy – including the steel industry.

Congratulations on your hard fought election victory. I hope that our union can establish a working relationship with your government based on a sincere commitment to protecting the right of working people to a secure and prosperous future.

### **20,000 retirees are losing access to health care**

I write to draw your attention to a number of pressing issues connected to the insolvency of US Steel Canada Inc (“USSC”). In particular, I request your government’s immediate attention to the plight of some 20,000 retirees and surviving spouses whose rights to post-retirement health care benefits (or “OPEBS” i.e. other post-employment benefits) have been torn from them because of the insolvency of USSC.

These are vulnerable people who have done nothing wrong. They are losing essential health care benefits earned as deferred compensation during a work life spent in a heavy industrial setting. These workers and their families have counted on these benefits, and now they have been taken away and no one has been held accountable.

### **USSC is in insolvency proceedings**

USSC is an integrated steel manufacturer which operates plants in Hamilton and Nanticoke, Ontario. These facilities were formerly owned and operated by Stelco. USSC is a wholly owned subsidiary of United States Steel Corporation. USSC commenced insolvency proceedings in September, 2014 and currently operates under court supervision pursuant to the Companies’ Creditors Arrangement Act.

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## **Suspension of Retiree Health Care Benefits or OPEBs**

In the Decision of the Superior Court of Justice – Ontario released on October 14, 2015<sup>1</sup> (“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 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. Some 12,000 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.

## **Creation of a fund to address the cancellation of OPEBs**

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 response is completely inadequate. More provincial money is needed.

## **Need for funding by the Government of Canada**

Money from the Government of Canada is also needed if retirees are to be protected. During his time as Mayor of Hamilton, Bob Bratina stood with the employees and retirees of USSC. Now that Mr. Bratina is the Member of Parliament for Hamilton East Stoney Creek, we trust that we can continue to count on Mr. Bratina, and we hope that the Liberal government can take action. We call on the Government of Canada to contribute to a fund to provide retirees with the OPEBs for which they worked and upon which they depend.

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<sup>1</sup> U.S. Steel Canada Inc. (Re), 2015 ONSC 6331

United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union  
Syndicat international des travailleurs unis de la métallurgie, du papier et de la foresterie, du caoutchouc,  
de la fabrication, de l'énergie, des services et industries connexes

## **Responsibility of the Government of Canada for the current crisis**

We believe the Government of Canada bears some real responsibility for the plight of retirees and current employees of USSC. These operations are in insolvency proceedings because of years of mismanagement by USSC and its American Parent Corporation. The Government of Canada gave its approval of the sale of the two plants to USSC pursuant to Part IV of the Investment Canada Act<sup>2</sup> (“ICA”). Under the ICA, the Minister of Industry is responsible to ensure that such a purchase is of net benefit to Canada.

## **Terms of Settlement Agreement under ICA kept secret**

In 2007, the Minister of Industry approved the purchase after receiving a letter setting out some 31 undertakings. In 2009, the Minister advised the undertakings as to employment and production had been breached. Subsequently, the Attorney General on behalf of Industry Canada took action seeking financial penalties and orders to force the American Parent company to comply with the undertakings the Government relied on to determine there was a net benefit to Canada. In 2011, the Minister announced that a settlement had been reached between USSC and the Government but the Settlement Agreement was not disclosed to us. In 2015, the USW and other parties sought production of the Settlement Agreement by motion to the judge supervising the insolvency. USSC and its American Parent opposed the motion. Unfortunately, the AG also opposed the motion and supported the position that the obligations under the ICA should be kept secret. The motion for production of the Settlement Agreement was denied<sup>3</sup>. The USW and other creditors sought leave to appeal to the Ontario Court of Appeal. Leave to appeal has been granted.

## **Government of Canada must agree to disclose the Settlement Agreement**

The American Parent 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. USW and other creditors in the insolvency proceedings believe that the American Parent breached the Settlement Agreement and acted contrary to the requirements of the ICA. Clearly, this issue must be addressed without further delay.

The USW therefore calls on the Government of Canada to instruct the AG to support the position taken by the USW and other creditors before the Ontario Court of Appeal that the Settlement Agreement should be disclosed to creditors.

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<sup>2</sup> R.S.C. 1985, c. 28

<sup>3</sup> U.S. Steel Canada Inc. (Re), 2015 ONSC 2885.

## **Action Plan for USSC and the Steel Industry**

In addition to providing aid to the unfortunate retirees that have lost their retirement health care benefits and revealing details of settlement between the Government and USSC, we urge your government to work with us on a strategy to ensure the viability and sustainability of a Canadian steel industry.

Domestic steel production is an essential part of the supply chain to key Canadian industries including automotive and other manufacturing; energy and resource development, and infrastructure and transportation. Over 20,000 people are employed in the Canadian steel industry, and there are over 100,000 jobs reliant on the steel sector in some way. The industry is currently being severely challenged by low prices and certain unfair trade activities. We need to work together to overcome these challenges

## **Request for a meeting**

I request to meet with you and with the newly appointed Minister of Industry as soon as possible.

I look forward to hearing from you.



Ken Neumann  
National Director for Canada

cc: MP David Christopherson – Hamilton Centre  
MP Scott Duvall – Hamilton Mountain  
MP Bob Bratina – Hamilton East Stoney Creek  
MP Diane Finley – Haldimand Norfolk  
Steve Hunt, Director District 3  
Daniel Roy, Director District 5  
Marty Warren, Director District 6