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August 30, 2016

The Honourable Navdeep Bains
Minister of Innovation, Science and Economic Development
C.D. Howe Building
235 Queen Street
Ottawa ON K1A 0H5

Dear Minister:

RE: Stelco Pensions and
Canada's Bankruptcy and Company Creditor Protection Legislation.

I would like to draw your attention to the attack on pensioners which is being aided and abetted by Canada's current Bankruptcy and Insolvency legislation and the Company Creditors Arrangements Act..

Top of mind is the situation with US Steel and US Steel Canada which threaten pension commitments to over 20,000 members of the former Stelco pension plans and their dependants. You and your Ministry have no doubt kept fully abreast of these well-publicized proceedings. You and your Ministry are also no doubt well aware of other examples of this disturbing trend among large struggling industries (particularly those bought up by multinationals, it seems).

It appears that the current BIA and CCAA were developed in a more innocent age when every insolvent company truly wished to maintain jobs and honour pension promises if only it could... a time when creditors truly had a third-party, arm's-length relationship with the owners and management of the struggling company. Of course this situation still pertains to most insolvencies and the current legislation serves a purpose.

Protecting the pensions and enhancing the quality of life for all OMERS pensioners.

However, to many observers, it would appear that US Steel bought Stelco with the intention to scale back or mothball the Hamilton operation, with predictable consequences for Stelco's legacy pension promises. Like Stelco retirees, US Steel Canada employees, and the entire City of Hamilton, we fervently hope that US Steel Canada will continue to produce Canadian steel and avoid bankruptcy. However, Canada's bankruptcy legislation makes bankruptcy too easy an option for abandoning commitments to pensioners, since it fails to provide priority to a company's unfunded pension plan commitments.

The US Steel example also suggests that you need to update the definition of creditor. Again, to many observers, US Steel would appear to have been directing US Steel Canada and not to have been a true third-party arm's-length creditor. Yet, armed only with your outdated legislation, the judge found US Steel to be a creditor of US Steel Canada; US Steel's claims would thus have priority over US Steel Canada's unfunded pension obligations.

Again, your outdated legislation is abetting the threat of punishing pension reductions, not only in Hamilton but in many other communities across Canada.

Your Ministry has recently had the BIA and CCAA legislation under the microscope. Pensioners everywhere look forward to hearing that you will change those Acts, so that they no longer provide an enticement for the abandonment of pension obligations.

Sincerely,



William Harford, President

cc Greg Fergus, Parliamentary Assistant
House of Commons, Ottawa ON K1A 0A6