



### **Just for The Record:**

## **Why the Provincial Government Has To Be Held to Account!**

By Rolf Gerstenberger, President Local 1005 USW

During a debate in the Ontario Legislative Assembly on October 6, 2010 Dwight Duncan, Liberal Finance Minister was asked to comment on the statement that the “loan that this government gave to Stelco made the sale of Stelco more attractive because it lessened the liability that U.S. Steel would have been responsible for.”

In reply Duncan said, “The government’s original involvement was to protect workers’ pensions. We did that. That was appropriate at the time. That was supported by a range of advocates in the Hamilton Community. It remains the right thing to have done at that point in time.”

The thesis Dwight Duncan presents is that the government’s concern after Stelco’s application for bankruptcy protection was the workers’ pensions, not the reality that everything was done during and after bankruptcy protection to facilitate a small gang of rich making a “big score.”

Local 1005 USW said right from the beginning of the Companies’ Creditor Arrangement Act(CCAA) process January 29, 2004 that “CCAA is legalized theft.” After almost two and a half years under CCAA during which Stelco had record quarterly profits, the “new” Stelco under bankruptcy control of Tricap, Appalosa and Sunrise, and a new CEO from the United States called Rodney Mott put \$400 million into the four pension plans. Once they did that they received from Ontario a \$150 million loan at 1% interest for ten years. If by December 31, 2015 the solvency deficiency of the four plans is paid, the “new” Stelco would be able to keep \$100 million of the \$150 million as an outright grant. The “new” Stelco committed to make 5 yearly payments into the plan of \$65 million and five years of \$70 million, which would theoretically make the plans solvent by 2016.

The shares in “old” Stelco were eliminated without compensation and the gang of Tricap, Appaloosa and Sunrise and Rodney Mott received over 24 million shares in the “new” Stelco at \$5.50 apiece. After 18 months, these “new” shares were flipped to U.S. Steel at \$38.50 per share. Tricap et al. made 700% on their “new” \$5.50 shares in 18 months. (In fact, the total Mott and others paid for the “new” shares was less than the Ontario government’s \$150 million 1% loan and grant, which means that the Provincial government could have owned all the “new” shares in Stelco for less that its grant/loan. Instead, the Tricap led gang scurried away with around a billion dollars.)

It should also be noted that the \$400 million that Tricap and others put into the four pension plans was borrowed under the “new” Stelco’s name at high interest rates. When U.S. Steel purchased Stelco for \$1.2 billion in cash, it also assumed the existing Stelco debt of about \$750 million, which included the \$400 million borrowed to put into the pension plans.

Our concern at the time was that Rodney Mott, Tricap et al. made a big score taking for themselves around \$1 billion, which could have been used to fully fund the pension plans or even invested in the mills. This of course was not done.

Now, a real threat is looming that U.S. Steel may crater Hamilton Works, and the pension plans are still far from being fully funded. So when Dwight Duncan says his concern in 2006 was to protect pensions, that

concern should have been expressed in deeds to prevent a pay the rich scheme that saw a few wealthy individuals and finance companies make a big score at the expense of Stelco and the people of Ontario.

In addition to allowing this scam, the Provincial government and the courts then permitted U.S. Steel to remove two provisions from the pension agreement coming out of CCAA, which provided some legal protection for the pension plans. Not only did the government allow a big score, it facilitated the creation of even more problems for the pension plans and a further crisis.

For the record, the responsibility of the Provincial government is not a thing of the past. They must be held to account for whatever transpires at this time as well.

**FOR YOUR INFORMATION:**

There has been a change in the date for the first meeting with the Conciliator. The first meeting will now take place on Wednesday, October 13, 2010. We will keep our membership informed as to how the talks are progressing.

**OPPOSE THE HARPER GOVERNMENT'S ANTI-CANADIAN, ANTI-SOCIAL PAY THE RICH SCHEME!**

The Harper government in power has announced a whopping one billion dollar Export Development Canada (EDC) low interest loan to the Vale global mining monopoly. Half the loan is for the operations in Canada while the other half will finance its operations outside the economy.

To add insult to injury, this traitorous announcement was made the same day that Vale once again broke off contract negotiations with miners at its Voisey's Bay Labrador nickel mine operation. One hundred and thirty members of USW Local 9508 have been on strike for 15 months resisting Vale's outrageous demands for even greater concessions than the monopoly forced from workers in Sudbury and Port Colborne.

It is unconscionable that Harper would finance one of the largest global monopolies that has broken its obligations to maintain certain employment and production levels after seizing Inco in 2006 and is currently using its global power to wrest even more concessions from Canadian workers. Not only is Vale taking out of the mining communities and country more and more value produced by Canadians from our own resources, the Harper government is financing its vile deeds from the public treasury.

The pay the rich schemes of the federal EDC to give Vale a billion dollars is yet another example of Harper and his government standing with a global monopoly and using the public treasury in opposition to the interests of the people and their rights. Canadians must stop the Harperites from subverting the country and turning it into an annexed protectorate of the global monopolies.

**USW LOCAL 1005 IS CALING ON HAMILTONIANS  
TO ATTEND THE CITY COUNCIL MEETING  
AT HAMILTON CITY HALL  
WEDNESDAY, OCTOBER 13, 2010  
ASSEMBLE BEGINNING AT 6:15 P.M.  
A MOTION TO KEEP HAMILTON STEEL PRODUCING  
AND TO CALL ON U.S. STEEL TO BARGAIN IN GOOD FAITH  
WILL BE DISCUSSED**

**INFORMATION UPDATE MEETING  
EVERY THURSDAY @ 3:30 P.M.  
"Report on latest developments at Stelco"  
AT 350 KENILWORTH AVENUE NORTH**

To contact Local 1005 call 905-547-1417, e-mail [rolf.gerstenbeger@uswa1005.ca](mailto:rolf.gerstenbeger@uswa1005.ca);