



## *Interview*

### The Use of CCAA to Attack Workers' Rights

Rolf Gerstenberger, President, United Steelworkers Local 1005  
Question: Stelco released its "Proposed Restructuring and Plan Outline" on July 15 after being under the protection of the Companies' Creditors Arrangement Act (CCAA) for 18 months. Explanatory Note 5(d) says: "Stelco's salaried and bargaining unit employees will be unaffected by the CCAA plan, they are not being requested to make any concessions in terms of salaries and wages, and pension and other benefits, and they benefit from the accelerated pension funding described earlier." Can you comment?

Rolf Gerstenberger: It is not true we are unaffected. To say so is mischief-making of the first order. Schedule F of the Plan states: "No Benefit increases: The pension plans will not be amended to increase pension benefits effective on a date prior to January 1, 2016 unless the transfer ratio of the plan exceeds 90%." This is a very dangerous proposal since it interferes with Local 1005's right to free collective bargaining. It is a blatant example of the CCAA court being used to attack workers' rights. This provision dictates that the union cannot negotiate increases for the next ten years. And this is all to give Stelco more time to fund the pension plan that they decided not to fund in 1996. As we pointed out in the past, if the union had agreed to this 10 years ago, a worker with 30 years service would get \$1440 a month pension instead of \$2640 that he/she would receive if they retired now. A pensioner who presently gets \$1,400 will likewise lose some 30 per cent of this pension if the rate of inflation were to remain at 3 per cent which is doubtful. This provision prevents the union from negotiating an increase in pension benefits to look after future pensioners or cost-of-living increases of current pensioners. Reference to "unless the transfer ratio exceeds 90%" is a well thought out diversion. Local 1005's most recent actuary report states that the transfer ratio (ratio of solvency assets to liabilities) is 56 per cent. One reason it is so low is that Stelco stopped making solvency payments in 1996; if Stelco had made the payments of several hundred million dollars, the transfer ratio would be almost 80 per cent. It should also be noted that a transfer ratio of 56 per cent is not unlike many defined-benefit plans. Furthermore, the outline also proceeds to elaborate a proposal for the Province of Ontario to deal with "Pension Solvency Deficit Funding." This is also suspect because it implies that the funding of the pension plan has nothing to do with the workers, and is just between the provincial government and Stelco. It seems to ignore the reality that once Stelco signs an agreement with Local 1005 on a certain level of pension benefit, it is Stelco's obligation to fund the pension plan to ensure that the workers (1) get their pensions and (2) the workers are protected in case the company goes bankrupt.

The Pension Benefits Act is the legislation that outlines how the Plan should be funded. Local 1005 has said right from the first day of Stelco's CCAA filing that it expects Stelco to live up to the terms of the collective agreement and to follow the law in terms of funding the pension plan. When Stelco filed the 5.1 Election in 1996 and stopped making its solvency payments, this removed the protection that workers would have in case Stelco went bankrupt. Our workers are now threatened day in and day out that if they don't agree with this or that, Stelco will close and they would lose a good part of their pensions.

This Stelco "plan" now puts forward more proposals to give Stelco extra time to pay off its pension obligations. This is presented as a good thing because it will allegedly guarantee the security of the financiers and therefore, presumably, Stelco's viability. Local 1005 has to be concerned about the short and long term interests of the workers, and this plan definitely raises the issue of what security the workers have if Stelco were to file for CCAA four years from now, or if it actually closes its doors. Who will be responsible for the security of the pensioners?

Far from falling for the fairy tale that this plan does not contain concessions, it in fact changes the status quo in a perfidious way by asking the CCAA court to deny the right of the union to negotiate pension increases for the next 10 years. Local 1005 opposes the use of the CCAA process to deny the workers' right to free collective bargaining.

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