

# ECONOMIC UPDATE

CUPE Local 786  
President Mike Tracey and Hamilton NDP MPP Andrea Horwath at a Queen's Park media conference attacking the contracting-out of cleaning at St. Joseph's hospital see page 2



## Hospital funding cuts in 2009, 2010 Province revises its spending plans

The provincial government announced Oct. 22 that “transfer payment funding will not be increasing in fiscal 2009-10 according to what was projected in the 2008 Budget last March. The government is confident that its transfer partners will work together with it to rise to the challenge of the current fiscal situation.”

The government's economic update responds to an economic recession in Ontario.

The government commented about public sector contract negotiations. Hospital workers bargain again in 2009: “Compensation costs & wage settlements are key cost elements that can have a substantial impact on the finances of both BPS (broader public sector) partners and the province. With major contracts covering 50 per cent of BPS unionized workers and approximately 85 per cent of Ontario Public Service employees up for negotiation in 2008-09, the government expects its bargaining agent partners to achieve affordable

collective agreements in this new fiscal environment.”

The government will review all of its programs and “low priority” programs will be cut. There will be a plan to repay the \$500 million deficit through further cutbacks in the future. The province is experiencing a steep decline in corporate and sales tax revenues.

For an analysis of the province's announcements see page 2

## Hospital Funding

Original budget increase of 2.1% was under inflation. Now even that will be reduced

The provincial government's economic update projects that Ontario will be in difficult economic times for the next two years.

Ontario has been struggling with a loss of manufacturing jobs since Canada joined the North America Free Trade pact. Other industries like lumber and paper, housing, construction and mining are also in decline.

As the United States slides into a deep recession, Ontario, which does 85% of its trading business with the US, is sliding quickly with it.

The provincial government reports a deep slide in corporate taxes.

The government didn't tell hospitals and long-term care facilities what funding they can expect in 2009 and 2010 but it did prepare them for significantly less than they had expected.

Hospitals were to receive 2.1%. Now they will receive less.

By funding below inflation the McGuinty government will cut hospital and long-term care budgets. There will be layoffs and cuts in casual employment.

The government makes it clear this year's \$500 million deficit will have to be repaid, with cuts coming down the road. Each ministry will review its programs



**Finance Minister Dwight Duncan :** "All of our transfer partners ... had anticipated certain kinds of growth in their funds based on our three-year projections that we do through our budget now. Well, we won't be able to live up to those original projections."

**Premier McGuinty:** " Municipalities, universities, school boards and hospitals will feel some pain. "

and "low priority" programs will be on the chopping block.

The province notes that many of us will be in contract negotiations next year and it urges us to reach " affordable agreements " in this " new economic environment ". It is not clear if the recent settlement with Ontario's doctors ( over 3% a year ) is 'affordable' or 'new'. \$187 million has been budgeted to support school board settlements but other sectors are not provided for.

By cutting public sector spending ( stopping government auto purchases, for example ) when so many industries

are struggling, the province has failed to use public sector employment to stimulate economic growth. Instead the public sector will shrink, worsening the economic climate.

The government's preference for P3 infrastructure means that we can build less and employ fewer builders. The P3 hospital in North Bay was \$500 million over budget. All the cost excesses go to bankers, lawyers, consultants, management fees and higher borrowing costs.

It's bonus pay for the bankers but dental care for the poor is shelved in this economic update.



CUPE Local 786 members have held 6 demonstrations in 2 weeks against contracting-out.

## St. Joseph's Hospital Local 786 Battles Contracting-out

St. Joseph's hospital in Hamilton is contracting-out its cleaning services.

Hospital acquired infections will kill 2,000 people in Ontario hospitals this year and contracting out of cleaning has been identified as a major reason why these diseases spread. Sault Ste. Marie had 12 deaths from C-difficile last year after contracting out their hospital cleaning service.

Scotland this week banned the contracting-out of hospital cleaning.

CUPE Local 786 has held 6 demonstrations against the contracting-out. Radio ads attacking the plan start this week.

### What you can do to help:

Please call the Minister of Health, David Caplan and ask him to step in and tell St. Joseph's hospital that they must not contract-out their cleaning services.

**Mr. Caplan's phone number is 416-327-4300**