

Town Hall-Provincial Budget and what it means for WRH

March 26, 2010

Yesterday, Finance Minister Dwight Duncan introduced the 2010 Budget for Province of Ontario in the Provincial Legislature.

Since October 2008 the Province of Ontario and the world's economy have been devastated by the:

- Collapse of the manufacturing industry
- The collapse of the banking industry
- High unemployment
- Reduced demand for goods and services
- Constrained credit markets
- And real estate values collapsing.

At the same time bankruptcies, both personal and corporately were at an all-time high.

This has led to a dramatic decrease in tax revenues for the Provincial and Federal Governments.

Spending by the Provincial and Federal Governments could not react as fast to the dramatic and almost immediate downturn in the economy. In addition, public sector spending needed to continue and be enhanced through stimulus spending in order to avoid a total collapse or depression.

Now in 2010 things have started to stabilize a bit.

However, we are not out of the woods.

I was just reading an article about the housing market in the United States. In Florida alone they indicate 30% of the homeowners are 90 days or more behind in their mortgage payments. In addition, a good proportion of mortgage holders reset their rates between the period on 2011 and 2013. As it stands 50% or more of the homes are "under water". That being their mortgage is more than the value of their homes. If housing values do not increase and interest rates rise as being suggested expect another cycle of downturn as early as 2011.

That is why the big issue for all levels of government is job creation. People need income to ride out this economic downturn. People need jobs to buy things. People buying things makes businesses build things. The governments get tax revenue when things are bought and sold and people are working.

Without income or a dramatic drop in income people will have no other choice but to declare bankruptcy and walk away from their debts.

In the spring of 2008 – before the floor dropped out from the economy - Windsor Regional Hospital saw that the demand for healthcare services and cost of providing

healthcare services was growing much faster than funding. Funding could not keep up to the demand or cost increases in health.

Something different had to be done. We could not continue to spend and budget as normal. We needed to take a step back.

That is when Windsor Regional and 500 employees and physicians started the Zero Based Budget process. In effect we threw away our budgets and started from a fresh slate. We collectively made some difficult decisions and implemented those decisions. However, the clinical and financial payback has been enormous.

We are going to end fiscal 2009 with a modest surplus. We are one of the few hospitals in that position. We have had 7 months in a row operating at a break even or better position financially. A positive run rate for 7 months.

At the same time we have also made dramatic strides in patient quality and safety initiatives that have been and continue to be recognized locally, provincially and internationally. In fact in April 6 of our locally created initiatives are being recognized nationally at the Canadian Patient Safety Institutes Annual Conference.

Yesterday's budget is not a surprise and is exactly what we have been talking about at Windsor Regional Hospital for close to three years.

Healthcare spending is closing in on 50 cents on every tax dollar. Tax dollars have reduced dramatically. The province has a \$21.3 billion dollar operating deficit.

Change had to be made.

I applaud the Provincial Government for doing something that might not be politically popular but is the right thing to do.

It might cost them votes and possibly an election but it puts us on a road to financial stability in Ontario and also towards a more sustainable healthcare system.

It takes courage for the Provincial Government to do the right thing and ensure that healthcare spending is where it should be – at maintaining or enhancing patient services – services were demand in increasing – people are getting older and sicker.

Yes one might state – as a result of the compensation freeze we will lose valuable healthcare staff to the United States.

Yes some will go. However, before you go to that “grass is greener” hospital remember this. Hospitals in Detroit – some of the best in the world – have frozen wages since 2007. Have eliminated pensions. Have laid off hundreds of staff. In fact, one of the highest regarded healthcare institutions in the United States, the Cleveland Clinic, has

been under a pay freeze for all staff – including their employed physicians – for over a year. Their stated goal – protect patient services and hospital jobs.

Over the next few weeks further implementation details will be forthcoming from the Ministry of Health that are detailed in the budget.

As it stands now we have been told

1. Our base funding will increase by approximately 1.5% for 2010-2011
2. The government is going to introduce legislation to freeze compensation structures in the broader public sector for two years for all non-union individuals. As you know our non-union staff has been under a pay freeze already this past year and my own salary has been frozen since November 2007.
3. The fiscal plan provides no funding for incremental compensation increases for any future collective agreements
4. All existing collective agreements will be honoured. As agreements are renegotiated for the 2010 fiscal year and beyond they will be for two years and contain no net increase in compensation.

The government did what was needed. A modest increase to hospital's operating budgets while at the same time restricting the controllable expense structure of a hospital.

This budget will be met with a lot of resistance, debate and legal challenges from those that oppose it. This will play out over the next few months.

In the meantime we will continue to do what we do best – that is provide *Outstanding Care with Compassion* to our patients.

The 2010 budget as written will allow Windsor Regional Hospital to not only maintain patient services but have the resources to enhance them to reduce wait times and improve access to services.

The 2010 budget as written will allow Windsor Regional Hospital to avoid having to lay off additional staff and reduce patient services in order to balance its budget.

This is a good news budget for Windsor Regional Hospital and good news budget for the Windsor/Essex community.

If you have any questions please ask them now or [email me](#) later.