



Stop contracting out

A CUPE guide to bringing jobs and services in house

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This guide is part of a “Stop contracting out” toolkit. Please contact your CUPE servicing representative to access the complete toolkit. The toolkit contains:

- ✓ A workshop to help locals learn and plan to bring services in house.
- ✓ A planning tool that locals can use on their own with their reps to implement a campaign.

Introduction

This guide looks at bringing work into the public sector that has been contracted out to private corporations or non-profit organizations. This process is referred to as bringing jobs back in house. A campaign to bring jobs in house usually aims to reverse privatization.

There's a growing global movement to stop contracting out and bring jobs and services into the public sector. The benefits of using in-house workers to deliver public services include higher-quality services, better working conditions and thriving communities.

Stop contracting out—A CUPE guide for bringing jobs and services in house is part of a CUPE toolkit to help your local identify opportunities to bring work in house. Use the guide to learn about the benefits of bringing jobs in house and to help you plan and carry out a strategy.

This guide is a companion to **Stop contracting out—A CUPE planning tool for bringing jobs and services in house**, which will help you think through the steps to build campaign to bring work in house.

Is there an opportunity to bring work into your bargaining unit? CUPE staff are here to help. Contact your CUPE Servicing Representative to get started!

For the latest news and updates about privatization, visit cupe.ca/privatization

The in-house advantage: Why bringing jobs and services in house matters

Contracting out is a form of privatization. In this type of privatization, a public sector employer (like a municipality, school board, or health authority) hires a private, for-profit corporation or non-profit organization to deliver a service that public sector workers used to provide or could provide. Outsourcing is another word used for contracting out and may be used when it affects an entire work department.

Private sector employers are interested in gaining contracts to boost their profits. They make more money by cutting staffing costs and busting unions to eliminate pressure for better wages and benefits.

When services are brought in house, a public sector employer uses its own workers and equipment to deliver a service. There are many benefits of public services that are directly delivered by the public sector. In-house services have better working conditions, they are more accountable to the public, and they can respond better to public needs.

The benefits of bringing jobs and services in house include:

Better jobs in our communities

Bringing work in house helps ensure everyone in the workplace can bargain for better wages and working conditions and have the protection of a union.

CUPE members lose their jobs when work is contracted out and bargaining unit members lose future employment opportunities. Employers typically award contracts to the company or organization offering the lowest price for the work, which can only be delivered by taking advantage of lower-wage, non-union workers. Contracting out can drive down wages and worsen working conditions across an entire sector. Contracting out hurts all workers.

Stronger bargaining units

Bringing services in house means we have more CUPE members. This helps us negotiate stronger collective agreements with better pay and benefits, improved working conditions, and increased health and safety protection. It also means more resources to enforce our collective agreements and support our union activists involved in local campaigns.

Contracting out means fewer people contribute to pension and benefit plans, and it reduces the pool of union dues available to defend working conditions. Contracting out is a threat to bargaining unit jobs and it weakens our union's bargaining power. When an employer contracts out one department or service, the contracted workforce faces worse working conditions. This is not only bad for them, but it also threatens the working conditions of the remaining bargaining unit members.

Higher quality services for the public

In-house services are delivered by qualified, skilled workers who understand the needs of people who use the service.

When a private corporation runs a public service, it has an incentive to cut corners on service quality in order to generate profit. Contractors cut costs by hiring underpaid and unqualified workers and lowering safety standards. Contractors typically cut down on the number of staff in the workplace. This puts pressure on remaining staff to work harder and faster, which risks their health, safety, and wellbeing. Workers may not have the capacity to respond to the needs of community members, resulting in a lower quality of service to the public.

Contracting out just one department or service can put a public sector employer on a treadmill of privatization as they lose valuable staff with knowledge, experience, and expertise, and the equipment and infrastructure needed to perform the work.

More responsive, flexible, and community-centred services

In-house services are more responsive to community needs and priorities, such as changing populations, emerging technology, and environmental sustainability. Private corporations answer to shareholders - not residents and elected representatives. The mandate of shareholders is to ensure profitable and growing businesses instead of providing high-quality public services and responding to community needs.

Community members have little to no influence over the actions of private companies when work is contracted out. Services become less accountable and responsive to the needs of the public. Local governments and employers also have less control over staffing to respond to a demand in community needs. This is especially concerning when there is a public health crisis or an environmental disaster.

More cost-effective services

In-house public services allow governments and public sector employers to manage finances more responsibly and ensure public funds go to providing universally accessible services. Providing services directly also means public sector employers are not locked into long-term contracts that are difficult and costly to get out of.

When a public sector employer decides to contract out a service, they often overlook the hidden costs of contracting out. These include costs to administer the contract, monitor the contractor's performance, deal with delays, and repair shoddy work. When service quality is poor, the public pays the costs of the contractor's mistakes.

Private contractors typically win a contract to deliver public services by offering an unrealistically low bid. When they win a contract, they may raise their fees to provide the service, or impose user fees. These fee increases erase any promised savings to the public and disproportionately impact people living on low incomes.

Accountability to the public

When services are provided in house, the public is better protected against corruption, collusion and other well-known accountability issues with privatization schemes.

Governments have democratic systems which provide a framework for public accountability. Elected representatives are answerable to voters and can be held accountable through mechanisms such as elections, public inquiries, and legislative oversight. These representatives are supposed to make decisions to better the wellbeing of the people they represent.

However, governments may pass bills that are anti-democratic and violate workers' rights. For example, in 2022, the Ontario government under a Conservative majority invoked the Canadian Constitution's notwithstanding clause to override CUPE education members' Charter rights to bargain freely and to strike. This anti-democratic move took away fundamental workers' rights. Education workers walked off the job in protest and organized mass rallies at Member of Provincial Parliament constituency offices. A rising tide of outrage put the Premier under intense pressure to scrap the law, which he did.

Public sector employers such as post-secondary institutions, libraries, public health authorities and crown corporations are less accountable to the public than governments because the public does not vote for the representatives who govern these institutions.

For instance, post-secondary institutions have a board of governors, or other decision-making body, to vote on financial decisions which affect services to students, staff and faculty. Board members are either chosen by top post-secondary administrators or elected by unions representing students, staff, and faculty. They are meant to serve the public interest, yet members of the public have very few opportunities to present to public sector employers and boards to influence their decision-making.

Private sector employers usually keep details about financing, operations, and environmental impact completely hidden from the public.

When a service is contracted out to a corporation, its CEO and corporate executives make key decisions about service quality. Their decision-making is guided by their goal of generating profit and being accountable to their shareholders. This blurs the lines of accountability and responsibility to the public. For instance, many private corporate meetings are not accessible to the public. Workers and residents cannot make a presentation to influence corporate decisions about services, which are likely not made in a democratic way.

When a service is contracted out to a non-profit organization, its board of directors makes decisions about service quality. Non-profit organizations are not guided by the goal of profit-making. However, their boards are not always accountable to the public because they may not have democratic decision-making structures. Members of the public do not vote for their representatives on a board of directors, so they can only make presentations to a board to influence their decisions about services. This means non-profit organizations are not as accountable to the public as government representatives who are democratically elected by their constituencies, discuss public services in publicly accessible forums (such as the legislature), and who democratically vote on bills which affect public services.

Helps close the wage gap for equity-seeking workers

Unions use collective bargaining to improve wages for everyone, including Indigenous, Black, and racialized workers. Bringing services back in house and providing union representation for these workers helps close the wage gap between racialized and non-racialized workers. This is also true for women, 2SLGBTQI+ workers, and workers with disabilities.

Private corporations drive workplace racism and discrimination by hiring low-income and racialized workers (particularly new immigrants, migrants, and temporary workers) in precarious jobs. Contractors typically lower workers' wages, refuse to give basic benefits, and create heavier workloads for them. When one department or service is contracted out, the establishment of different rates of pay and working conditions can create hostility among groups of workers and weaken our solidarity.

The wage gap is worse for racialized workers in the private sector.

In the private sector, Indigenous workers with a university education are paid 44% less than their non-Indigenous counterparts. This gap also exists in the public sector, but it is much lower at 14%.

University-educated racialized workers in the private sector take home 20% less pay than non-racialized workers. That gap shrinks to 12% in the public sector.

There are several factors which contribute to lower levels of wage discrimination in the public sector, including: higher rates of unionization, family leave benefits (including parental leave and sick leave), and the legislated regulation of pay equity.

Source: CCPA (2014)

Better defence against racism and discrimination

When workers join a union, they gain more power to challenge workplace racism and discrimination in multiple ways. They can bargain for equitable hiring and promotion opportunities, employment equity plans, and pay equity. They can also challenge everyday discrimination through the grievance process and by encouraging co-workers to take workplace action.

Black, Indigenous and racialized workers in the public sector are more likely to have unionized jobs, higher wages, access to benefits like parental leave, and other protections and improvements to their working conditions won through collective bargaining. Public sector employers can set fairer employment standards for Indigenous, Black and racialized workers without a private contractor in the way. However, these employers still need to be held to account by collective bargaining processes to ensure all workers are valued and treated fairly.

CUPE locals are highlighting how contracting out hits Black, Indigenous and racialized workers the hardest. For example, CUPE 3338, which represents cleaning staff at Simon Fraser University, argues that contracting out is inconsistent with the university's commitment to equity, diversity, and inclusion. Having a third-party contractor means the university is giving up responsibility to a group of workers where racialized and immigrant women are overrepresented. By bringing jobs back in house, the employer can directly improve work conditions and treat racialized workers the same as other members of the university community. [CUPE 3338 has partnered with students and campus staff](#) in a coalition to oppose contracting out.

More equitable public services

Public services help people get out of poverty, facilitate more equal economic opportunities, and focus on improving public health and wellbeing. Public services like education, health care and childcare help low-income people gain access to good employment and quality care. These services can drastically improve their quality of life and reduce social inequality over time.

Privatization can make public services expensive which hurts the poorest people in our communities. Privatization can also make it difficult for people to access good jobs and services to improve their livelihoods. When contractors impose or increase user fees for public services, it threatens access to services for people living on low incomes. These members of our communities are also the most affected by any cuts to services.

Identifying a target for bringing jobs in house

Review your workplace and the services your employer provides to identify any work that is contracted out. You may already know of contracted-out work that used to be in house.

Make a list that helps you pinpoint more details about contracted-out work and the activities of contractors:

- Work being performed. Be specific: what (job functions) and where (for example, areas, buildings, routes).
- Company or companies doing the work.
- When the work was contracted out.
- When the contract expires or comes up for renewal, and the renewal process.
- Whether the service has ever been delivered in house.
- The number of workers delivering the service.
- Contractor wages and working conditions (for example, benefits, hours of work).
- Whether the workers are unionized and if so, which union.
- Documented service quality complaints (for example, public complaints to a municipality).

If you aren't sure that there are contractors in your workplace, look for these signs:

- Work is being done by workers who are not directly employed by your employer or are managed by an offsite third-party company.
- Workers wearing different uniforms or logos than other employees.
- Entire buildings, areas or routes that are excluded from union members' work schedules.
- Departments or units whose workers don't appear on the seniority list or staff list.

Choosing a target

If your local identifies multiple options for bringing jobs in house, you will need to weigh how strong the case is for each option. Information to help choose a winnable target includes:

- The contract's terms and problems.
- The level of support in your local.
- Your employer's feelings about the contract and contractor.
- The level of awareness and support in your community.

Once you have chosen your target, develop a campaign budget. The [CUPE National Defence Fund](#) is set up to help CUPE locals with these campaigns. Your CUPE Servicing Representative can help you access cost-shared funding to boost resources for your campaign. There may be additional campaign support available from your local CUPE district council and CUPE provincial division.

The following questions will help you choose a target.

Problems with service quality, working conditions and cost:

- Have there been public complaints about service quality?
- Is there evidence of shoddy work?
- Has the cost of providing the service been higher than budgeted in recent years?
- Do the workers who are currently employed have poor wages or working conditions?
- Has the contractor faced health and safety or environmental complaints?
- Are equity-seeking workers overrepresented in the workforce (for example, Indigenous, Black and racialized workers)?
- Has the contractor made changes that increase social inequality? This could include reducing access through service cuts or new user fees.

Enough time to gather information, develop a strategy and carry out a campaign:

- What is the contract renewal process?
- When will a decision be made to renew the contract or bring the work in house?

In-house capacity to provide the service:

- Are some resources currently underutilized?
- Are workers available to do the work?
- Are workers trained to do the work?
- Is the work within the scope of our bargaining unit?
- Does the employer already have the equipment, tools, and space to do the work in house? What will it cost to purchase or lease the equipment, tools, and space?

Members and other workers support bringing jobs in house:

- How important is the issue to members of your local?
- What are members prepared to do to build a campaign?
- Are the workers employed by the contractor members of your bargaining unit? Members of another CUPE local? Members of another union? Former members of your local? Non-union workers who were never in your local?
- How much support can you expect from the contractor employees? If they are non-unionized, are they interested in joining your local? Do they understand the benefits of being unionized?
- Would there be support for a campaign from other unions (if there are others in the workplace)?

Our allies support bringing services in house:

- How do service users feel about the current service?
- Do they have concerns about changes in access to services for specific groups?
- Do we already have relationships with community groups and other coalition partners?

Decision-makers support bringing services in house:

- Would managers or elected leaders support your proposal? (Decision-makers vary by workplace, regions, and sectors - some include hospital boards, municipal councils, college or university boards of governors, and school trustees.)
- Will there be strong opposition from management?

Where to find information

Collective agreement disclosure requirements

Under some collective agreements, employers must share details of contracts that could be bargaining unit work. This could include information about the contractor, the length and cost of the contract, as well as the cost of negotiating, administering, and supervising the contract.

[*Protecting our work from privatization: How to fight contracting out at the bargaining table*](#) has examples of CUPE collective agreement language requiring employers to share contractor information with the union.

The employer's website

Employer websites could contain information about contractors. This information can help convince members and the public of the poor business practices of the contractors and costs to administer the contract.

Search for information in:

- News or announcement pages (recent and archived).
- Listings of open requests for tenders and requests for proposals (RFPs).
- Reports, plans and studies (for example, annual reports, strategic plans).
- Budget documents.
- Financial statements.
- Service agreements.
- Meeting agendas and minutes.

Workers, managers, and elected leaders

Workers are an important source of information. Reach out to members across departments and job classifications, as well as those who work for the contractor, to get the most accurate information. Many workers will have first-hand experience about problems with the contractor and can help document these issues.

You can organize a meeting to share knowledge about your employer's relationship with a contractor, or the contractor's labour practices, or gather this information in one-on-one conversations with workers.

You can also talk with managers where you work, as well as those who work for the private contractor. Depending on where you work and what relationships your local has with elected officials, elected leaders from boards or councils may be able to help find key information.

Freedom of information/Access to information requests

Your employer may be covered by freedom of information (FOI) or access to information and privacy (ATIP) laws requiring them to share public information about contractors when it is requested.

The *Access to Information Act* gives us all the right to request access to information in federal government records. Members of public also have a right to make FOI requests (with some limitations) from municipal or provincial governments, colleges, universities, public agencies, boards, commissions, or advisory boards under provincial FOI laws.

We can use the FOI or ATIP system to get evidence about a contractor or quality of service that is useful in meetings with decision-makers or in public messaging. Often, this information will not be revealed in any other way, unless the employer is forced to disclose it.

Getting information through a FOI or ATIP request is worthwhile, however it is often a slow process. Requests can take months or years to complete. FOI and ATIP laws often allow some information to be withheld from release, which can be appealed in some cases, adding to delays.

Contact your CUPE Servicing Representative to help your local file a FOI or ATIP request.

Tips for filing access to information requests:

Make sure you request the information from the right organization or body. Search for the name of the public body you are targeting, with “access to information,” to find details.

- Make the request as specific as possible. Include specific dates and the type(s) of records being requested (for example copies of contract, emails, or meeting notes). An example would be “A copy of all contracts between the Government of Ontario and Medavie Health Services to assist with mobile vaccinations clinics in the province of Ontario between March 1, 2021, and May 28, 2021.”
- Track your progress and routinely follow up on your request with the institution, to ensure timelines and deadlines are met.

Building member engagement

Involving and communicating with members is key to every step of a successful plan to bring jobs in house. As frontline workers, CUPE members are trusted sources of information. Members know the work best, and their support is critical to connecting with other members, service users and community allies, telling our story in the media, and pressuring employers and elected leaders to bring services back in house.

Steps to building member engagement in a campaign could include:

1. Reach out to members for their up-to-date contact information and have one-on-one conversations about why we should bring jobs back in house. This is a great opportunity to map where members are in the workplace and invite them to get involved with your local

In large workplaces, one-on-one conversations can be divided between member organizers in different departments or areas. Keep a list of who has and hasn't been contracted out. If they have been contacted by a member organizer, note how interested they are in getting involved in your local. This list will be very useful for a campaign.

2. Start a conversation about bringing services in house at a general membership meeting. Make a presentation about why the local should start a campaign. Explain what contracting out has meant for the bargaining unit, including the impact on wages, working conditions, bargaining power, and the local's capacity. Show how bringing the work back in house can make a difference for members and the public. Ask members for their experiences and ideas. Contact your CUPE Servicing Representative to help you make this presentation.
3. Pass a resolution that confirms your local's commitment to a campaign to bring jobs back in house.
4. Start with a simple ask of members: Report problems with contractors to unit stewards so that your local can document the pitfalls of contracting out. Gather statistics like how many equity-seeking workers the contractor employs. Reach out to these workers to join the campaign.

5. Create leadership opportunities for members who want to work on the campaign. For example, form a committee, or establish a campaign lead position. These members could be responsible for attending meetings with the employer or local government and reporting back to the local.

Make sure your plan includes input from a broad range of members that reflects the diversity of the membership. Aim for representation from equity-seeking members in your local.

6. Regularly report to members on campaign progress at general membership meetings, and in other ways including newsletters, social media, email and text messages, and one-on-one conversations. Assess how many members have participated in campaign actions, their level of engagement, and where to make improvements (such as reaching out to new members or members who haven't yet participated). Make campaign updates a regular practice.

Developing a plan

The goal of a campaign is to bring jobs in house and for the work to be done by CUPE members. Once you've chosen your target, you need to choose strategies that will help you reach your goal.

Questions that will help you shape your strategy include:

- Is the work you are targeting already covered by the union's collective agreement scope clause? Has the work ever been done by CUPE members? Is it new work?
- Who will ultimately make the decision that will allow you to achieve your goal?
- What factors will influence these decision-makers?
- Who needs to be involved in your local's campaign?
- Who do we need to convince to support bringing jobs and services in house?

You should be able to explain your strategy in a few sentences describing what you will do and who you will target. Campaigns often use multiple strategies.

For example:

- Launch an organizing drive to unionize the contractor's employees. Raise the wages and working conditions of these workers to discourage contracting out.
- Mobilize and demonstrate public support that pressures the employer to cancel the contract, bring jobs back in house and recognize CUPE as the bargaining agent.
- Lobby decision-makers to start a pilot project to do the work in house with CUPE members.

The actions you take should support your strategy. Each action should advance your strategy and strengthen your local's ability to bring jobs back in house.

For example, if one of your strategies is to mobilize public support, actions to support this strategy could include the following:

- Survey community members and service users, especially those in equity-seeking groups.
- Make a public presentation to your local government.
- Hold a community town hall.
- Write letters to the editor of your local newspaper.
- Share story ideas with local journalists.

Use actions that open the door for negotiations with decision-makers. You may have to use a variety of tactics.

Making your case: Developing and sharing an effective message

Whether your campaign to bring jobs in house is happening behind the scenes, or in the public eye, you should be clear about who you need to reach (your audience) and what will convince them to support your campaign (your message).

When we talk about public services in a way that connects with people, it motivates them to join our campaigns to protect and improve public services.

CUPE Communications can help you develop your message and get it out to the people you need to reach. Contact your CUPE Servicing Representative to get started on developing your message.

Successful campaigns have a message that is:

- Delivered to the right audience.
- Delivered by the right messenger.
- Delivered at the right time.
- Repeated many times.

A good message is:

- Clear
- Concise
- Consistent

Keeping it short and to the point makes your message easier to understand, remember and repeat. State your message in clear, straightforward points. Aim for one statement or thought per sentence.

Developing your message

A good message is based on facts and research (see Making your case: Researching your target) and appeals to people's values and emotions. It should be no longer than a few sentences and should be easily communicated to whoever your target audience is.

Examples of a target audience include members, decision-makers, allies, community members, the media, and the employer.

Be specific about who you want to reach. You will probably have more than one target audience. List your target audiences and adapt your message, as needed, for each group.

It's also important for your message to be compelling, credible and lead to a call to action.

When you are developing your message, it should answer these three questions:

1. What's at stake?
2. Why does it matter (to your audience)?
3. What are we going to do about it?

A good message explains what your local stands for and is trying to accomplish. Some ingredients of pro-public messages that resonate with the public include: public services are reliable and there when we need them, they aren't delivered for profit, they provide equal access for everyone, and they are cost-effective and a wise use of public funds. Use these ideas to customize a message that fits your situation.

With privatized services we pay more and get less. Key ingredients of strong anti-privatization messages start with the idea of services being delivered for profit. Anti-contracting out themes that resonate include: contracting out is risky and motivated by profit, contracting out limits public access to services, and private services are less accountable than public service delivery.

The contents of your message will depend on your specific situation, and the local information you have. Depending on the community, audiences, local situation, and the service you are protecting, you'll need to work with your Communications Representative to adapt and refine the messages that work best. Contact your CUPE Servicing Representative to get started.

You will probably have to adapt your key messages, especially if you have more than one target audience. Choose the words and tone that help you connect best - a message for your own members will have the same core but may vary from a message aimed at decision-makers.

Spreading the word

When you're ready to get your message out, start with your members and work outwards. Make sure your members understand and are ready to share your message before you do anything else.

How you deliver your message depends on who you're trying to reach, when you're trying to reach them, and where they are. Here are some ways you can get your message out to members, people who rely on the service, the public, decision-makers, and the media. Work with your Communications Representative to choose the ways that work for your situation:

- One-on-one conversations in the workplace.
- Phone calls to members.
- Newsletters that are emailed and posted to a union bulletin board.
- Website and social media posts.
- Email updates.
- Local meetings.
- Workshop on the benefits of bringing jobs in house.
- Community mailing or canvass with leaflets.
- Meetings with decision-makers.
- Presentations to decision-making bodies.
- Public forums.
- Information booths at public events.
- Letters to the editor.
- Op-ed columns.
- Press releases.
- Published media stories (online or print).
- TV or radio interview.
- Paid advertising.

The messenger is as important as the message. We've always known that our most effective messengers are the front-line workers delivering public services. CUPE members have the highest level of trust with the public. We also know that people who use a service that's under attack are credible spokespeople. Make sure you put the right face to your message.

Connect with your CUPE Representative to get started on your plan to spread your message. They will put you in touch with a Communications Representative for support reaching members, the public, and the media. Check out Union Education's communications-specific courses on member-to-member communications, working with the media, and more.

Making your case: Researching your target

Once you've gathered preliminary information on the contractor (see Choosing your target), it's time to build your research file.

Thorough and accurate research is critical to a strong case and an effective campaign. It adds credibility to our arguments and helps centre debate on the facts. Information about the current contract and contractor can be used in campaign messaging, media relations and presentations to decision-makers.

Gather as much information as possible on the current contract and contractor. This will help demonstrate how in-house public service delivery is better for the community, workers, and public finances.

Start your information gathering by talking with rank-and-file workers, who are always a valuable source of information. You may also be able to access useful information directly from management, through your employer's budget processes or freedom of information requests, and from labour-friendly elected representatives.

Other free sources of information include:

For Canadian publicly traded companies:

- System for Electronic Document Analysis and Retrieval ([SEDAR](#))

For U.S. publicly traded companies:

- [EDGAR](#)

For Canadian charities:

- [Canadian Charity Registry](#)

For all:

- CanLII—a database of case law and legislation
- Google News searches
- LinkedIn
- Lobbyist registries
- The Way back Machine internet archive
- Minutes from public meetings

The [website Strategic Corporate Research](#) provides detailed information on analyzing the contractor's company and other research techniques.

The list below can help you organize and present your research. Don't be discouraged if you can't find all the documents listed or answer every question. Often you will not have access to complete information. Work to find enough facts and evidence to support a convincing argument.

Contractor information checklist and key questions

Background

- Contracted work or service.
- Contract expiry date.
- The company that provides the service.
- Names of other companies that bid on the work (if any).
- How and why the company was chosen.

Core documents to review

- Past and present contracts between the contractor and employer.
- Employer requests for proposals (RFPs).
- Responses to requests for proposals, including amounts for all bids.
- Budget documents.
- Evidence of actual amounts paid to contractors (for example, cheques and invoices, financial statements).
- Employer costs related to contract management and oversight.
- Relevant reports and studies (for example, consultants' reports).
- Project schedules and revised schedules.

Employer records often contain information about the contractor's health and safety, labour relations and environmental track record, and other issues like service quality. Sometimes the media will report on these issues. Here are some types of records you can look for, by topic.

Service quality

- City reports detailing service quality issues.
- Formal evaluations of the contractor's performance.
- Complaints from the public.
- Analysis of the training and experience that contractor employees are required to have compared to in-house workers.
- Analysis of contractor staffing levels compared to previous public service delivery.
- Evidence of poor public accountability.
- Media coverage detailing service issues.

Labour relations, health and safety and environmental record

- Have there been labour or employment complaints filed against the contractor?
- Has the contractor violated health and safety or environmental laws or regulations?

Company information

- What is the company's structure?
- Who owns and controls the company?
- Is the company publicly traded on the stock market? If yes, who are its main investors?
- What is the company's position on issues related to your sector?
- What is the company's lobbying record? What relationships does the company have with elected representatives?
- Are any of the services provided by the contractor also provided in house?
- Does the company own or lease the equipment used to provide the service?

Regional comparisons

- Does the company hold other contracts? Where?
- Have other public sector employers cancelled contracts? Why?
- Are there complaints against the company relating to its other contracts?
 - Human rights violations.
 - Labour or employment standards concerns.
 - Health and safety issues.
 - Environmental problems.
 - Contract violations.
 - Financial mismanagement.
 - Quality issues.

Making your case: Costing proposals

Making a convincing case to bring jobs and services in house often involves a detailed proposal about how to do it. Usually that includes an explanation of how much it will cost. To understand the financial implications of bringing jobs in house, you'll need to understand how much the employer is paying the contractor to do the work, including all hidden costs, as well as the cost to do the work in house.

You are not in this alone. You can count on your CUPE Servicing Representative to guide your local through this process!

It's important to remember that employers do not always contract out to cut costs. Decisions to contract out can also be about shedding management responsibility. In these cases, your local can highlight how this has made the service less responsive, flexible, or accountable to the public.

When reviewing the numbers, you don't need to demonstrate that CUPE members are cheaper, but that in-house service delivery is efficient and a good use of public money. If contracting out appears to cost less, how real are those savings, and do they justify the headaches of overseeing and administering the contract? We can make strong arguments to bring services in house based on better service quality and direct control over staffing and service delivery.

Service quality

- Has the contractor taken shortcuts? How has that affected the service?
- Detail any complaints or media coverage highlighting service issues.
- How would bringing jobs in house improve service delivery?

Local control

- In-house service delivery gives local decision-makers, including managers, the ability to improve services and adapt to changing circumstances rather than being locked into a long-term contract.
- Urgent issues can be addressed without going through a third-party contractor.
- Expertise and knowledge are maintained internally which allows for better coordination and innovation.
- Public trust is higher when the public can access information about the service.

Your costing analysis should highlight and calculate the hidden costs of contracting out. There are many costs that don't get factored into the price of privatization.

Cost of tendering

There are considerable administrative and legal costs associated with drafting a tender, advertising it, analyzing the bids, and drafting the contract.

Public subsidies to the contractor

If your employer is already providing supplies, equipment, building space, utilities, management or administration support to the contractor, these costs should not be added to the cost of bringing services in house.

Repair or cleanup work

Consider whether public sector workers repair or correct problem areas that the contractor did not address.

Contract oversight

Contracting out comes with costs to oversee and enforce the contract including managing contract payments, renegotiating contracts (for contract changes), as well as auditing and resolving problems. Supervising and monitoring the contractor's work is another additional cost.

Tax

As with any other purchase, a public employer must pay sales tax on the cost of a contracted-out service. The employer does not have to pay sales tax on wages of public employees.

The bigger picture

There are often hidden economic and social costs which the public ultimately pays for, such as the impact on the local economy and tax revenues. The local economy will suffer if a service is contracted out to a supplier which is located outside the region, or that sources a high proportion of material and equipment outside the area. The impact on businesses in the area can result in reduced tax revenues for all levels of government. If businesses fail or lay off staff, social assistance costs can also increase.

Any costing of in-house and contracted-out service delivery must compare apples with apples. A comparison is only fair and accurate if it costs an equivalent scale of operation, timelines, and level of service quality. If the contractor has been failing to meet the specifications set out in the contract, then the contract cost is not the true cost. You will want to calculate in house costs based on the specifications outlined in the contract tender documents.

CUPE Research can help you calculate a proposal to bring contracted-out work in house. To get started, use this tool to collect information and contact your CUPE Servicing Representative to help guide you through this process.

The scale of the contracted-out operation

- How many are total hours needed to do the work?

This information may be found in the tender or RFP that the contractor bid on, or in the contract between the contractor and the employer. You could also use your knowledge of the number of employees working for the contractor and their hours of work. If this work was previously done in house, you could find out the number of employees and the number of hours they work.

Work could be done by: # of current bargaining unit members
 # of current employees of the contractor
 # new hires

- How many people would need to be trained or retrained?
- What are the training requirements?
- Does the employer currently have the physical space to do the work in house?
- What equipment is needed?
- Does the employer already have the equipment needed?
- What supplies are needed?

CUPE working conditions

Wages

Collect wage information based on the classification(s) of workers who could do the job, or estimate wages based on similar classifications.

	Information	Article	Notes
Base wages			
Wage step grid			
Classifications			

Hours of work and premiums

	Information	Article	Notes
Full-time hours			
Part-time hours			
Shift differential (e.g., night shift)			
Other premiums			

Pension and benefits

Note only the employer's share of the cost of pensions and benefits. For insured benefits, we need the premium amount that the employer pays (either a percentage of wages or a flat rate per single or family coverage). Often the collective agreement or benefit booklet only specifies the proportion of the premium the employer will pay, not the actual amount. You can get this information from Human Resources or the benefits carrier. Also note any eligibility requirements for pensions and benefits (for example, if only available to full-time employees after probation).

	Information	Article	Notes
Pension contribution			
Extended medical/health			
Dental			
Vision			
Life insurance			
Long-term disability			
Prescription drug coverage			
Employee Assistance Program			
Vacation			
Sick leave			

Allowances

	Information	Article	Notes
Meal			
Uniform			
Other			

Any other elements of compensation in your collective agreement.

Researchers will do calculations based on this information as well as costs associated with statutory benefits such as Employment Insurance premiums, Canada Pension Plan contributions, Employer Health Tax, and workers' compensation premiums.

Examples of collective agreement language

An excerpt from CUPE’s [*Protecting our work from privatization: How to fight contracting out at the bargaining table.*](#)

For the purposes below, “contracting in” and “bringing work back in house” refer to the same process.

Reversing privatization: Language on contracting in

Contracting work back in house is another way of fighting privatization and contracting out.

Negotiating a process for contracting in typically involves securing:

- An obligation for the employer to disclose all information on currently contracted-out services.
- A commitment to a joint review of contracted-out work that could be performed by members of the bargaining unit.
- A commitment to consider proposals from the union to bring work back in house.

27.04 Prior to the City contracting out any work not presently performed by the members of the bargaining unit, the City shall attempt to negotiate with the Union to “contract in” the work within the bargaining unit. The Union shall be given the opportunity within a reasonable amount of time to make a presentation to the City upon completion of the negotiations prior to the City contracting out.

*CUPE 768, City of Corner Brook—NL
January 1, 2017—December 31, 2020*

LETTER OF UNDERSTANDING (4) Contracting In/Out

During the term of the collective agreement, the parties agree to review the feasibility of contracting in work which is currently contracted out and which would otherwise be bargaining unit work.

The Board agrees to share all relevant information with the Union for the purpose of completing the review.

*CUPE 4154, English Catholic District School Board of Eastern Ontario—ON
September 1, 2019—August 31, 2022*

SCHEDULE ‘D’ LETTER OF COMMITMENT

DLC:01 The Parties agree to meet following 2016 negotiations to discuss the implementation of a trial to conduct waste collection in areas currently serviced by contractors. The focus of these meetings will be to prepare a business case for increased collection by CGS crews by contracting in work previously performed by contractors.

*CUPE 4705, The City of Greater Sudbury
(Outside - Service and Maintenance) - ON
April 1, 2019—March 31, 2023*

In some jurisdictions, work can also be contracted into the bargaining unit by expanding the scope, or bargaining unit recognition clause. For example, a new subsection of the scope clause could be negotiated to include a new or expanded facility or service, or to introduce a new shift, classification or additional number of members who will perform contracted-in work. This approach must be compatible with existing certification, and what’s possible will depend on the relevant legislation.

LETTER OF UNDERSTANDING

Staffing of Newly Owned University Buildings

The University agrees that newly owned University buildings for which an occupancy permit has been received during the term of the Collective Agreement (‘new buildings’) will be covered by the certificates issued by the Ontario Labour Relations Board dated March 1, 1971, and August 19, 1998.

The Union agrees that, in staffing the new buildings, new classifications may be created for bargaining unit positions. Wages for these new classifications may be different than the wages for any classifications outside of the new buildings in accordance with Article 23.04.

The Union agrees that the University has the right to contract with outside firms to manage University facilities and that these firms will have all the rights of the University under the terms of the Collective Agreement to manage CUPE staff.

*CUPE 1356, York University (Maintenance Services, Plant Operations) - ON
September 1, 2014—August 31, 2018*

CUPE strongly encourages locals to consult with their national representative to make sure the scope of their certification is compatible with the language to be negotiated.

CUPE