



January 12, 2010

President Reno Melatti  
Ontario Teachers' Federation  
1300 Yonge St.  
Suite 200  
Toronto ON  
M4T 1X3

Dear President Melatti:

I am writing you on behalf of the 70,000 members of the Council of Canadians to register our strong concern about the Ontario Teachers' Pension Plan investments in Chile's private water sector. As you may know, there is growing concern about the privatization of water services around the world as large, for-profit utilities move in to take over the delivery of water and wastewater services from the public sector. The record of these projects has been well documented by Public Services International and others: worker lay-offs, rate hikes, reduced environmental controls and cut-offs to the poor. Essentially, private water utilities have to make an annual profit for their shareholders and the public must continue to pay for these profits years after the initial investment has been returned.

Here in Canada, we and our allies in many public sector unions, including the members of the Ontario Teachers' Federation, have fought to keep Canada's water services in public hands just as we have fought for public health care and public education together. It is therefore, very distressing to see the OTF, a partner in the OTPP, allowing members' pension funds to be used to promote a private, for profit water system in Chile.

Chile has taken the water privatization model further than any country in the world. In 1998, almost 97% of Chile's water utilities were public. In that year, the government started selling these water services to the private sector. By 2008, over 95% of Chile's water utilities were run by private for-profit companies.

The effect in Chile was immediate. The private companies laid off 30 percent of the workers and started jacking up user tariffs. Within the first few years of privatization the government admits, water rates rose by 20%. But many groups contend that the rates are much higher than the government figures, high as those are. The Chilean Organization of Consumers and Users did a review of 15,000 water bills in Chile's 6<sup>th</sup> Region and found increases of between 100% and 200%. The group reported on many protests and cut-offs around the country as a result.

(Chile has also established a private water market, whereby water is bought and sold at public auction as property, separated from the land it sits on or under. Foreign companies are actually able to outbid local farmers and indigenous peoples for water which is then forcibly removed from their lands. A single electricity company from Spain owns most of the water in the south of Chile.)

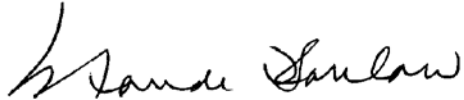
It is of great concern to us that the pension funds of Ontario teachers are fuelling this move to a totally private water regime in Chile. In August 2007, the OTPP purchased shares in Chilean water utilities ESSBIO and ESVAL as well as their subsidiaries ASNM and Aguas del Valle through its investment unit, Inversiones Southwater, which serves as the financial administrator to these four companies. OTPP actively participates in the running of these private companies, with two representatives on each of the boards, and controls 61% of ESSBIO and 77% of ESVAL. Since 2007, the OTPP has added further acquisitions and now owns 37% of the private water services market in Chile. This investment is worth \$1.1 billion. Only Suez-Abar is larger. Between them, the French transnational Suez and the OTPP own over 80% of Chile's private for profit water services!

Every five years, the companies renegotiate tariffs. They are in current negotiations with the government at the moment and demanding stiff tariff increases. Further, Southwater, through the companies ESSBIO and ESVAL, is planning to expand its private business into some now public water systems of Brazil and Peru. How can the OTF, in any good conscience, be a party to a system that removes the right of ordinary people to public water services, when it represents and defends such public services at home?

I am writing to you today as a colleague and as a Fellow of the OTF to ask you to address this issue. We are writing to the teacher affiliates as well and intend to go to the various teacher locals to raise an alarm over these investments. We are working with allies in the labour, human rights and environmental movement in Chile to demand that OTPP begin a process to sell its shares in these companies to the Chilean government and return to the state and its people their water rights. We feel this is especially timely in light of the fact that the Chilean government has just amended its constitution to declare its water to be a public trust and a common good, a very significant development toward taking back public control of its water heritage.

I understand that the OTPP is supposed to be run at arm's length but I deeply believe that if ordinary teachers in this province knew and understood that their hard earned pension funds – public pension funds – were being used to undermine public services in other countries, they would be outraged. I do not doubt they will join us at the Council of Canadians in condemning these investments and demanding that the OTPP withdraw investments in Chile's private water sector and examine similar practices around the world.

I look forward to hearing from you  
In Solidarity,



Maude Barlow  
National Chairperson, Council of Canadians  
Fellow, 1989, Ontario Teachers' Federation  
Meritorious Award Winner, 1996, Elementary Teachers' Federation of Ontario

C: Sam Hammond, President, Elementary Teachers' Federation of Ontario (ETFO)  
Sherry Ramrattan-Smith, Human Rights Standing Committee, ETFO  
ETFO Teacher Locals  
James Ryan, President, Ontario English Catholic Teachers' Association  
(OECTA)  
OECTA Executive Committee  
Ken Coran, President, Ontario Secondary School Teachers' Federation (OSSTF)  
OSSTF Executive Committee  
Roger Langen, Human Rights Officer, OSSTF  
Jim Leech, President & CEO, Ontario Teachers' Pension Plan  
Ontario Teachers' Pension Plan Board Members