

# Teachers **Take Action!**

Demand the Ontario Teachers' Pension Plan stop supporting a privatized water system in Chile



The Council of Canadians has launched a campaign calling on the Ontario Teachers' Pension Plan (OTPP) to support public water services in Chile over the current privatized system. Teachers have a long history and commitment to supporting public services. To maintain this commitment, teachers should be asking tough questions about where their pension plan money is being invested. Groups in Chile are urging Ontario teachers and their pension fund to support a strategy with Chilean labour unionsthat will allow Chilean water utilities to move from private to public control.

## **Background on Chile's privatized water services**

In the 1990s, the Inter-American Development Bank (IDB) and World Bank imposed water privatization on governments seeking loans. According to Public Citizen, a U.S.-based advocacy organization, the IDB holds about \$58 billion of debt in Latin America, giving it tremendous power to impose water privatization on desperate municipalities. The IDB's current projects have slated more than \$1 billion in funding for privatized water and sanitation services. In fact, some of the largest IDB loans of the last decade went directly to transnational water companies to operate private water systems in countries like Argentina, Bolivia and Honduras.

Under this model, Chile went from almost entirely publicly-run water services in 1998 to 97 per cent private services by 2008.

In August 2007, the Ontario Teachers' Pension Plan bought stocks in the Chilean water utilities ESSBIO, ANSM and ESVAL through its investment unit, Inversiones Southwater. The OTPP actively participates in the running of these private water companies, with two representatives on each of the boards. Since 2007, Southwater has added further acquisitions and now controls 37 per cent of the private water services market in Chile, making the OTPP one of the biggest investors in private water in the country. This investment is worth \$1.1 billion.

## **Impacts**

The Ontario's Teachers Federation (OTF) supports this pension investment, arguing that it is okay because water rates are set by a democratically-elected Chilean government. While this is factually correct, there is ongoing pressure from the private water corporations to increase these rates. The government admits that within the first few years of privatization, water rates rose by 20 per cent. But many groups contend that the rates are even higher than the government's numbers. The Chilean Organization of Consumers and Users did a review of 15,000 water bills in Chile's 6th Region and found cost increases between 100 and 200 per cent. Those who couldn't afford to pay the higher bills had their water services cut-off. Protests against the rate hikes were organized around the country, according to the organization.

## Women are disproportionately affected

Studies from around the world show that water privatization affects women who are responsible for household chores, meeting a family's nutritional, needs and caring for children and elders. Women also tend to be at lower income levels than men. Women in lower income households will often sacrifice their own needs to ensure the needs of those under their care are met. Only households earning under \$300 USD per month are eligible for government subsidy plans. This leaves out many lower income households. The families are left to choose between paying their water bills and other basic needs.

## Loss of public control

Water is an essential service that is vital to the health and well-being of community members. As such, the public has a right to participate in decisions about how their water and wastewater services are managed. Private companies are less transparent and less accountable to the public than public water utilities as they are protected by confidentiality agreements. This means communities have little say in decisions that are made about their local water services and little access to information.

## Lack of access

While the number of water connections in urban Chile has gone up significantly in the last decade, more than 40 per cent of rural areas still lack access to safe clean drinking water. Given private corporations are mainly interested in making a profit by seeking lucrative markets, access in rural areas is not likely to improve. Furthermore, households with connections may be cutting down in order to keep costs low, thus depriving themselves of sufficient quantities of water to meet their basic needs.

In Canada and around the world there is clear evidence that the privatization of water services has meant:

- Rate hikes and water cut-offs to low income households.
- The violation or elimination of environmental regulation.
- A reduction in the quality of services.
- Lay-offs and poor labour standards.

Privatization restricts access to water – a vital life resource – to those who can afford to pay for it.

## Join the Council of Canadians

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