regulator, the notion that the environment would benefit from a privatization that freed regulators to regulate became almost commonplace.

Sadly, Britain’s environmental regulator hasn’t been completely free from pressures to keep bathing waters dirty. The government remains concerned that it will suffer politically if water and sewerage prices continue to rise. British delegations lobby their European partners for laxer standards. At home, Britain’s economic regulator warns the environmental regulator about the costs of cleaner waters.

But the environmental regulator has shown that it can withstand such pressure. In 1995, it insisted that waters at two coastal resorts be cleaned up immediately, despite the government’s assertion that improvements were not needed for several years. The regulator, oblivious to the government’s desire to ease water bills in key constituencies, noted its statutory obligation to do everything in its power to ensure that beaches met European standards. Environmental Data Services, a private company of environmental journalists whose reports are dubbed The Bible, called the incident “a lesson to ministers that the law does not always permit political interference with environmental standards” and an important reminder to ministers that “the law imposes checks on their ability to move environmental goalposts on a whim.”

David Kinnersley, acknowledging lingering regulatory problems, nonetheless calls the operators’ and regulators’ new clarity of purpose the most significant gain from privatization. He describes the formation of clearly defined business units, supported by adequate financial investment and monitored by independent agencies as “a framework in which water utility privatization comes to be seen as sustainable.” If the water companies continue in the direction in which they have headed since 1989, and if regulators continue to resist pressure to keep water and sewerage prices down, privatization will be more than sustainable: It will be a godsend in exceeding official water standards and rehabilitating beaches and other public resources such as rivers and lakes.

Experience in Britain demonstrates that privatization—if done right—can check sewage pollution, returning beaches to the watergoers who love them. Our challenge here in Canada, then, is to get it right. An understanding of Britain’s mistakes and achievements alike can help us do that.

Britain’s experience demonstrates the need to ensure that the poor don’t go without water or sewage treatment. This does not mean that we must work to artificially lower water prices. Low prices encourage us—poor and rich alike—to waste water and to overburden sewage treatment plants. Cheap water and sewage services don’t just strain the environment. Ironically, low prices may actually end up straining our pocketbooks, since wasteful use may lead to the construction of an otherwise unnecessary treatment and delivery infrastructure.

Canadians pay less for water and sewage treatment than do citizens in any other industrialized country. Our prices don’t even begin to cover the costs of our services, let alone the costs of the environmental damage wrought by inadequate sewage treatment plants. The National Round Table on the Environment and the Economy estimates that tax dollars subsidized our water and sewer use to the tune of $5.3 billion in 1994. As users begin to pick up the tab for their own services, tax bills should decrease proportionately, but should be skewed to especially benefit the poor and ensure they’re not made worse off while others benefit. The poorest should receive tax credits. As users begin to pay for desperately needed repairs and upgrades, our beaches will become, for everyone, places of delight rather than disease.

Privatization in Britain also teaches us the value of an independent environmental regulator. For privatization to succeed in Canada, we must establish tough, arm’s length regulators who can be sued by the public should they fail to do their duty, and who can make accountable those treating and disposing of our sewage. Perhaps most important, we must ensure that privatization does not enshrine the de facto pollution rights now enjoyed by our publicly owned water and sewage companies: The profits of the newly private companies must not rest on their ability to pollute with impunity. We will need to spell out our environmental expectations before opening any bidding processes, and spell them out again in our contracts with new private companies—contracts requiring the companies to meet tough environmental standards and specifying that they are shielded neither from public scrutiny nor from liability for the harm they cause others.

As has been true in Britain, the public will help both the regulators and the companies along. We will expect great things from our new private water and sewage companies, holding them to far higher standards than we did our public predecessors. By harboring the notion that public pollution—our pollution—is somehow for the common good, while private pollution is merely for the good of a few profiteers, we are now more forgiving of our local sewage plant than we are of that nasty factory up the river. Privatization will change that. We will begin to see our sewage systems as the polluters that they are. And we will begin to insist that they be repaired or upgraded in order to reopen our beaches and make our waters swimmable once again.

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SUMMER 1997

46