



January 04, 2010

Ministry of the Environment
Land and Water Policy Branch
135 St. Clair Avenue West, 6th Floor
Toronto, ON, M5V 1P5

Attention: Sharon Bailey, Director

Dear Ms. Bailey

**Second Report of Activities Regarding the Grant Funding Agreement
Opportunities for Market Transformation**

Under the provisions of the Grant Funding Agreement certain actions and reports are required. I am pleased to provide this further report.

An oral report of the preliminary results of the survey was provided to the National Water Efficiency Committee meeting on December 09, 2010. This included the following information:

That significant time and effort had gone into developing the list of contacts for the interviews. Although contacts were kindly provided by committee members, only a limited number were offered and some of those that were provided were no longer current contacts or were not representative of those sectors and related companies and individuals from whom input was being sought.

A good mix of respondents for the sample with representation across all relevant sectors was nevertheless identified.

Interviews were continuing at this point and will be on-going until a sufficient sample size has been obtained.

Preliminary, thematic findings from the research to date were summarized¹ as follows:

1. Federal and provincial governments must take on a larger role which includes policy, finance (tax incentives, subsidies, funding), regulation and co-operative ventures.
2. The federal government needs to be at the table in a big way. Water conservation is a national issue.
3. Any financial incentives must target consumers and larger manufacturers (since payback on some water efficient technology is more than a decade).
4. Corporations function on a national scale – national marketing and advertising, national promotional programs, national retail initiatives, etc; therefore, for them to support and design programs to meet conservation guidelines, there is a need to have national-level initiatives. (e.g., most use national television advertising which is very expensive and therefore can only focus on those initiatives that are national in scope). There has to be an return on investment.
5. Down loading responsibilities to the municipalities has created a fractured process through which conservation programs are delivered. There is a significant discrepancy between water efficiency programs in various municipalities in Canada and North America.
6. The perception of “abundance” is alive and well and no conservation/efficiency programs are addressing this public perception in any tangible way.
7. Declining block structure for water rates must end. As it stands water is too cheap on a per unit basis to drive conservation in Canadian municipalities, whether the rate structure is declining or inclining.
8. A lot of focus is on low hanging fruit (e.g., Peel toilet study), it is now past the time when water conservation programs have to push the envelope and new proven, technology.
9. Need to consider public-private partnerships. For example, for the toilets that meet requirements, advertising dollars need to be secured from companies to produce a high end brochure with all the eligible toilets that is useable by all municipalities offering toilet rebate programs. This approach enables municipalities to cost effectively address the consumers’ needs and issues concerning aesthetics.
10. Municipalities with successful programs – particularly larger ones in the USA – have good political support.

¹ Please note that the verbatim responses have not been grouped and analysed and therefore, the information provided above is anecdotal and based on a preliminary review of respondents’ answers.

11. Knowing the market through market research was identified as critical to delivering programs that the broader public respond to and are effective.
12. Too many water conservation programs are PR campaigns. Need stronger initiatives backed by market data, and monitored and evaluated on an annual basis.
13. Manufacturers, wholesalers, service providers are not taking advantage of all the individuals/organizations that work in water efficiency. They are delivering typical marketing programs and therefore are missing the access and insight that water efficiency professionals offer. Somehow the link has to be made and effective joint initiatives have to be undertaken.
14. The energy / water conservation link needs to be stronger and more credible

The contractor reported that as soon as they are able to start grouping and categorizing responses, a more detailed picture of themes will be provided prior to the delivery of the draft report.

The NWEC found the summary helpful.

Yours sincerely,

A handwritten signature in black ink on a light-colored background. The signature is cursive and reads "T. D. Ellison".

T. D. Ellison
Executive Director