June 30, 2006

Mayor and Members of Council
HAMILTON, CITY OF
71 Main Street East
Hamilton, ON L8P 4Y5

RE: First Quarterly Installment of 2006 Stewardship Ontario Funding for your Blue Box Recycling Program

Dear Mayor and Members of Council:

Stewardship Ontario and Waste Diversion Ontario (WDO) are pleased to enclose the first quarterly payment for 2006 to help pay for your residential Blue Box recycling program.

The payment is provided under the auspices of the Blue Box Program Plan (BBPP) which provides funding directly from the companies, called “stewards,” who do business in Ontario and produce packaging and printed materials that are managed through the municipal waste management system. Under the Waste Diversion Act, 2002, these companies report the amount of packaging and printed paper they put into the Ontario residential marketplace and pay fees to Stewardship Ontario.

Stewardship Ontario is the industry funding organization that distributes the funds to municipalities.

This first payment for 2006 will be followed by quarterly payments sent to you at the end of September and December, and then a final payment for 2006 will be forwarded at the end of March, 2007. In total, Stewardship Ontario will distribute $48.6 million in direct cash payments to Ontario municipalities that operate residential recycling programs for the 2006 program year. This brings the total amount of industry’s share of direct cash payments for Blue Box programs in Ontario over the past four years to nearly $130 million.

In addition to the cash payments, a further $5.4 million has been made available this year (for a total of $14.4 million to date) through the Effectiveness and Efficiency (E&E) Fund. Each year, 10% of the stewards’ financial obligation to municipalities is placed in the E&E Fund to provide competitive grants to municipalities to increase the effectiveness and minimize the cost of municipal recycling programs. So far, a total of 59 municipal projects valued at $9.2 million in support have been awarded.

The combination of direct cash payments, grants available under the E&E Fund and “in-kind” contribution of advertising space through the Canadian Newspaper Association and Ontario Community Newspaper Association brings the total industry contribution to municipalities to help pay for the Blue Box program to about $148 million.
The provincial total net system cost is approved by the WDO which calculates the amount each municipality receives based on information your municipality provides through the annual waste management datacall. Funding for the 2006 year is based on:

- quantity of each type of Blue Box material marketed by each municipality
- population density of each municipality, and
- size of operation of each program.

In addition to the above factors, funding for 2006 also was based on the cost-effectiveness of a program relative to other municipal programs in its municipal group.

The funding allocated to each municipality is published on the WDO website, www.wdo.ca. Questions concerning the Blue Box Program and the calculation of funding can be directed to Glenda Gies at wdo@wdo.ca.

For information about the E&E Fund and how to apply, please visit the Stewardship Ontario website, www.stewardshipontario.ca. Questions concerning the Fund can be directed to Guy Perry at info@stewardshipontario.ca.

Sincerely,

Dennis Darby
Chair
Stewardship Ontario

Gemma Zecchini
Chair
Waste Diversion Ontario
Stewardship
ONTARIO
26 WELLINGTON STREET EAST, SUITE #601
TORONTO, ONTARIO M5E 1S2
(416) 594-3456  FAX (416) 594-3463
Three Hundred Fifty Thousand Six and 58/100****

CITY OF HAMILTON
Accounts Receivable
Standard Life Bldg
120 King Street West, Suite 900
HAMILTON, ON L8P 4V2
CANADA

Date
06/16/2006

Amount
***350,006.58

CHEQUE

STEWARDSHIP ONTARIO

30, 2006

06/30/2006

350,006.58

0.00

350,006.58