June 29, 2007

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

RE: Industry’s Stewardship of Municipal Blue Box Recycling Program

Dear Mayor and Members of Council:

The companies that are “Blue Box” stewards fulfill their stewardship responsibilities through the activities of their organization, Stewardship Ontario. It works in partnership with the Association of Municipalities of Ontario and directly with municipalities to find ways to improve the effectiveness and cost efficiency of our popular Blue Box recycling program.

One such activity provides opportunities for municipalities to undertake pilot and demonstration projects to test new ideas, operational systems and technology to determine if they can enhance the operational efficiency of the Blue Box system. Called the Effectiveness and Efficiency Fund, it is described in more detail below. By working together in these areas of common interest, municipal and industry Blue Box partners can both benefit.

In fulfilling one aspect of industry’s stewardship responsibility, Stewardship Ontario and Waste Diversion Ontario (WDO) are pleased to enclose the first quarterly payment for the 2007 program year as industry’s share of the net costs of the 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 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 based on the type and amount of material. Stewardship Ontario is the industry funding organization that distributes the funds from industry to municipalities.

This is the first of four cash payments totaling $12.1 million that Stewardship Ontario will distribute to Ontario municipalities for the 2007 program year. This payment brings the total cash amount of industry’s share of Blue Box programs in Ontario to nearly $142 million over three years. For the 2007 program year, Stewardship Ontario will distribute a total of $48.4 million in cash payments to Ontario municipalities.

In addition to these cash payments, a further $5.4 million will be made available through the fourth year of the Effectiveness and Efficiency (E&E) Fund (for a total of $19.8 million at end of year). Each year, 10% of the stewards’ financial obligation to municipalities is placed in the E&E Fund to provide competitive grants to municipalities to explore new methods of increasing the effectiveness and minimizing the cost of municipal recycling programs. So far, a total of 78 municipal projects valued at $14.5 million in support have been approved. 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.

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 2007 year is based on a different methodology compared to previous years. It is based on a percentage of each program’s reported net system cost as well as the cost-effectiveness of a program relative to other municipal programs in its municipal group. Additional information about how funding for residential Blue Box programs is allocated is available at the Municipal Funding page of the WDO website at www.wdo.ca (shown under the “Diversion Programs” then “Blue Box Waste” tabs73).

We are pleased to report that the second quarter payment for the 2007 Blue Box Program year will be forwarded to your municipality on September 30, 2007.

Sincerely

[Signatures]

Dennis Darby
Chair
Stewardship Ontario

Gemma Zecchini
Chair
Waste Diversion Ontario

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73 The direct link to detail about the funding allocation process for 2007 is http://webservices.siriusweblabs.com/dotconnector/files/domain4116/2007%20Funding%20text%20Jan%20026%2007%20updates.doc
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CITY OF HAMILTON
71 Main Street East
HAMILTON, ON L8P 4Y5

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ORDER
OF
CANADA

STEWARDSHIP ONTARIO
HAMILTON
JUNE 30, 2007

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