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Environmental Management Branch

Date: March 29, 2016
To: Municipalities in Ontario

SUBJECT: 2016/2017 Tile Loan Program

Dear Clerk/Treasurer:

The Tile Loan Program is operational for the 2016/17 fiscal year. Please keep this letter for future reference and share it with anyone else in your municipality that may be involved in this program including your tile inspector.

Through this program, landowners can access loan funding through their local municipality for the installation of tile drainage systems on their agricultural land. Tile loans continue to be available at a 6% interest rate for a ten-year term. The maximum amount of loan available to an individual farmer in one year has been maintained at \$50,000. The first debentures will be purchased on May 1, 2016.

Please note the information on the following two pages. The first page provides additional details about the Tile Loan Program. Ministry program contacts are listed on the second page along with instructions on calculating loan amounts and repayments. I also encourage you to view the drainage information located on the drainage page of the Ministry website:

www.ontario.ca/drainage

Questions about the Tile Loan Program may be directed to Sid Vander Veen at 519-826-3552 or by email at sid.vanderveen@ontario.ca.

Sincerely,

Len Senyshyn, Manager
Approvals, Certification and Licensing Unit
Environmental Management Branch



2016/2017 TILE LOAN PROGRAM

LOAN DETAILS: The *Tile Drainage Act* allows municipalities to sell debentures to the Province to fund the installation of tile drainage on private agricultural land. The following is a list of some of the requirements of the Tile Loan Program:

- A municipality may only offer to sell one debenture per month to the Province
- The debenture must be dated for the first of the month
- The debenture can provide for the funding of multiple tile loans.
- The term of the loan is 10 years and the repayment is due annually.
- The interest rate for the loans issued under this Program will be at 6%, fixed for the 10-year term of the loan.
- Interest is compounded annually and the loan can be paid at any time without penalty.
- An individual farmer can receive a loan of 75% of the cost of the tile drainage work, subject to the loan limit policy below.

LOAN LIMIT: A Ministry policy limits the amount of loan available to a farmer each year. The policy reads as follows: "*The sum of all loans issued in any fiscal year, to an individual, as an individual, or in his role in a partnership or corporation shall not exceed \$50,000*". Therefore, farmers may obtain a loan for the lesser of: (a) amount applied for by the farmer; (b) 75% of the value of the tile drainage work performed; or (c) \$50,000.

Further, when the tile loan program is used in conjunction with any other provincial program to fund the installation of tile drainage on agricultural land, the total provincial funding must not exceed 100% of the total cost of installing the tile drainage system.

INELIGIBLE COSTS: The following costs cannot be included as part of a tile loan application:

- Any costs incurred off the farm property;
- Any costs not related to the tile drainage system;
- HST cost since farmers receive a full rebate of the HST;
- Any illegal work; e.g. tile drainage work installed outside of the requirement of the *Agricultural Tile Drainage Installation Act*.

PROGRAM TERM: With this announcement of the continuation of the Tile Loan Program, our Ministry can begin purchasing tile drainage debentures from municipalities on May 1, 2016. These program details remain in effect until March 1, 2017 which is the last date that the Ministry can purchase debentures in the 2016/17 fiscal year.

DEBENTURE INFORMATION: All debentures and loans must be dated for the first of the month. Therefore, in order for our Ministry to process a debenture and have the cheque returned to the municipality by the first of the month, the debenture package must be received before the 19th of the previous month.

AVAILABILITY OF FUNDS: The tile drainage loan funds are available on a first come, first served basis for the full fiscal year. If program usage this year happens to be higher than anticipated, we will send you a letter indicating how the remainder of the program funds will be managed to control spending within our budget.

FOR MORE INFORMATION:

- Refer to the “Guidelines for the Tile Loan Program”, available from Ministry staff.
- Review the Ministry website: **www.ontario.ca/drainage**
- Contact the appropriate Ministry staff (see below)

CALCULATION OF ANNUAL TILE LOAN REPAYMENT

The easiest method of determining the amount of the loan and the annual loan repayment amount is by using the Tile Loan Calculator located on the Ministry website: **www.ontario.ca/drainage**

TILE DRAINAGE DEBENTURE PACKAGE GENERATOR

The “Tile Drainage Debenture Package Generator” is an Excel spreadsheet tool that will help municipalities in completing the documentation required for the Tile Loan Program. This tool has been designed to generate debenture packages for lower tier municipalities that sell debentures directly to the Province. Therefore, this tool is not intended to be used by lower tier municipalities located within Regional Municipalities or the County of Oxford.

The current version of the Tile Debenture Package Generator is titled “TDA Debenture Package Generator – 2015 01.xls.” If your municipality would like the current version of this spreadsheet tool, please email Becky Curran as indicated below.

CONTACTS:

⇒ For information on preparing or processing tile drainage debenture packages:

Andy Kester	or	Becky Curran
Phone: 519-826-3551		Phone: 519-826-4049
Email: andy.kester@ontario.ca		Email: becky.curran@ontario.ca

⇒ For information about tile loan invoicing and repayments:

Tanya Timony, Ontario Shared Services,
Phone: 705-564-8962 Fax: 705-564-7062
Email: tanya.timony@ontario.ca

⇒ For information on the management of the Tile Loan Program:

Sid Vander Veen, Ministry of Agriculture, Food and Rural Affairs
Phone: 519-826-3552 Email: sid.vanderveen@ontario.ca

MAILING ADDRESS:

Mail or courier debenture packages to:

Drainage Unit, Environmental Management Branch
Ministry of Agriculture, Food and Rural Affairs
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