

## 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 19<sup>th</sup> 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.