

FOREST RESOURCE IMPROVEMENT PROGRAM

PROGRAM DESCRIPTION

DEFINITIONS

1.01 Definitions:

- (a) "Applicant" means an applicant to FRIAA for FRIAA Funds by submitting a Proposal;
- (b) "Project Administrator" means an Applicant who has obtained Project approval from FRIAA, and shall include a Sponsor, where applicable;
- (c) "Association" or "FRIAA" means the Forest Resources Improvement Association of Alberta;
- (d) "Committee" means the Appeal Committee;
- (e) "Approval" means the written approval on terms provided by FRIAA, used to implement an approved Proposal;
- (f) "Eligible Activity" means an activity related to timber and non-timber resources that enhances the forest resources of Alberta and that is not the existing tenure, regulatory or legislative responsibility of any timber disposition holder and includes, but is not limited to, activities such as intensive silviculture, inventory, research, genetics, and/or training and education directly related to these activities. Any activity related to:
 - (i) facility construction, improvement or operations,
 - (ii) product research and development,
 - (iii) road construction, repair and maintenance,
 - (iv) the purchase of any capital assets, or
 - (v) project work carried out prior to project approval unless, in FRIAA's sole opinion, justified for operational circumstances is not an Eligible Activity;
- (g) "FRIAA" means the Forest Resource Improvement Association of Alberta;
- (h) "FRIAA Funds" means the funds FRIAA has available for projects arising out of the FRIAA dues collected in accordance with applicable FRIAA bylaws;
- (i) "FRIP" means the within Forest Resource Improvement Program;
- (j) "Member" means a member of FRIAA;
- (k) "Project" means an approved Proposal under FRIP;

- (l) "Proposal" means a plan, involving one or more Eligible Activities, which is specific in nature, outlining the work being considered for approval under FRIP.
- (m) "Sponsor" means a contributor of FRIAA dues, who sponsors and supports in writing the Proposal of an Applicant;

PROGRAM PURPOSE

2.01 The purpose of FRIP is to enhance the forest resources of Alberta for the interest of all Albertans. The Program does not absolve members or government of their respective responsibilities for sustained yield forest management; rather, it encourages activities that are above and beyond required forest management functions.

2.02 Activities related to timber and non-timber forest resources are eligible under FRIP if they enhance the forest resource and are not the responsibility of a timber disposition holder.

FRIAA REVENUE

3.01 FRIAA Funds are assessed and collected by FRIAA in accordance with regulation and with the bylaws or policies of FRIAA. Funds collected by FRIAA are under the direct control of FRIAA and are to be used to support the FRIP program purposes.

3.02 FRIAA shall maintain all books of account and records relating to the FRIAA Funds and shall distribute FRIAA Funds only in accordance with FRIAA policies and objectives, Approvals, regulations and legislation.

PROJECT APPROVAL

4.01 An Applicant may submit a Proposal for a FRIP Project to FRIAA in accordance with the policies and objectives of FRIAA.

4.02 FRIAA shall evaluate the Proposal using the following criteria:

- (a) the expenses of the Proposal must be reasonable in all the circumstances, including, with respect to the benefit, enhancement, or improvement of the forest resource, and must not exceed the fair market value of the goods and services being provided;
- (b) the Proposal must not be contrary to the objects of FRIAA, the bylaws, or the provisions of relevant regulations or legislation;
- (c) the Proposal, must in the opinion of FRIAA, enhance, improve or benefit at least one forest resource;
- (d) the Proposal must not, in the opinion of FRIAA, have a significant adverse impact on other forest resources or the environment as a whole;

- (e) the Proposal must be an Eligible Activity;
- (f) favourable regard will be had to a Proposal which demonstrates FRIAA Funds will be for the benefit of the area or community from which the funds were initially generated;
- (g) A Proposal should demonstrate the Applicant is able to complete the proposed Project economically and efficiently, and in so determining, FRIAA may take into consideration the Applicant's proximity to the location of the Project, the Applicant's experience in performing such projects, the availability of resources to the Applicant, whether the Applicant has in the past complied with regulations including making prompt payment of all required timber dues and FRIAA Funds;
- (h) A Proposal must be made by either a Member, or have the written support of one or more Sponsors; and
- (i) All matters of administration of, and accountability for, a Project shall be the sole responsibility of the Applicant;
- (j) Notwithstanding (i), above, where the Applicant is not a Member, the Applicant, the Sponsor or Sponsors, and each of them, shall be jointly and severally responsible and accountable for ensuring the Project is completed in accordance with the terms and in accordance with the Approval.

4.03 Where a Proposal includes work that is, in the opinion of FRIAA, the responsibility of a timber disposition holder, only that portion of the Proposal that is not the responsibility of a timber disposition holder is eligible for funding under FRIP.

4.04 FRIAA shall not approve any applications or Proposal that, in its reasonable opinion and having regard to all the circumstances, has the effect of providing subsidies to the forest products industry, and will therefore require all applications and Proposals comply with FRIAA objectives, policies, the FRIP Program purpose, and the criteria set out in Article 4.02 herein.

4.05 FRIAA's Approval of a Proposal shall be limited to availability of funds for the Proposal; available funds shall not exceed the amount of FRIAA dues which have been paid by the Applicant or Sponsor, or both in the aggregate, less any amount required in the administration of FRIAA and its Programs and any amounts allocated to previously approved Projects of the Applicant or Sponsor.

4.06 For the purposes of calculating the available funds, described in Article 4.05, FRIAA dues paid by an Applicant or Sponsor shall be those FRIAA dues which were contributed by the Applicant or Sponsor in the thirty-six (36) months prior to the date of submission of a Project for Approval.

4.07 Where FRIAA approves a Proposal, an Approval shall be prepared and forwarded by FRIAA to the Approved Contractor for execution outlining the terms and conditions of FRIAA to implement the Proposal.

4.08 The terms and conditions of Approval, as well as the Proposal shall be included in the Approval.

4.09 The Approval shall address:

- (a) the total maximum amount payable under the Approval;
- (b) a schedule of reasonable and justifiable payments under the Approval;
- (c) the terms and conditions of the Proposal;
- (d) any other terms and conditions required by FRIAA;
- (e) any other conditions that are necessary to carry out the Project, including audit procedures and reporting requirements.

4.10 Where FRIAA does not issue an Approval in respect of a Proposal, FRIAA shall state which of the criteria set out in Article 4.02 were considered under the circumstances in its response to the Applicant.

USE OF FUNDS

5.01 Any amounts payable under an Approval shall be used exclusively by an Approved Contractor for Projects approved by FRIAA in accordance with the Approval.

5.02 FRIAA Funds shall not be made available, and shall not be used, for the purchase of any capital asset.

5.03 Use of funds for any purpose other than that described in Articles 5.01 or 5.02, above, by the Approved Contractor, creates a right in FRIAA to immediately terminate the Approval with the Approved Contractor, and a right to immediate return of any amounts paid or payable in respect to such Approval and Project.

5.04 All FRIAA Funds advanced or paid, or payments otherwise made by FRIAA, prior to the completion of a Project in accordance with its approved terms and conditions, shall be advances, and shall not be considered earned until completion of the Project.

5.05 All FRIAA Funds advanced prior to the completion of the Project are deemed to be held in trust by the Applicant or Sponsor until FRIAA has acknowledged in writing to the Applicant or Sponsor that the Project is completed in accordance with the terms of the Approval by FRIAA.

5.06 All FRIAA Funds advanced prior to the completion of a Project in accordance with the Project shall be returned to FRIAA in the event of:

- (a) termination of the Project by FRIAA, or
- (b) the requirement of Article 5.04 is not satisfied, or
- (c) otherwise as may be provided by the Program or the terms of the Project or Proposal.

REPORTING AND AUDIT REQUIREMENTS

6.01 An Approved Contractor shall provide any information whatsoever that FRIAA requests respecting any Proposal, Project or request for FRIAA Funds, and this provision shall be a requirement of the Approval.

6.02 Without limiting the generality of the forgoing, FRIAA may request and shall receive from any Approved Contractor:

- (a) a report from an independent, qualified accountant, in accordance with the *Canadian Institute of Chartered Accountants' Handbook*;
- (b) performance of an audit, or prompt, complete responses to audit inquiries or requests;
- (c) financial reports co-ordinated to FRIAA's fiscal year end for each Project detailing how much has been spent for the specific Project and how much remains by approved cost categories;
- (d) the submission of technical reports, co-ordinated to the Approved Contractor's fiscal year end for each Project summarizing the work that has been completed and what remains to be done;
- (e) an end of Project technical report summarizing the results of the Project.

6.03 FRIAA shall conduct random audits on Projects and shall conduct random sample audits and post-Project audits from time to time as may be considered appropriate or expedient at the sole discretion of FRIAA.

APPEAL

7.01 FRIAA shall appoint a Committee consisting of not fewer than three persons, one of whom shall be designated as the chairman of the Committee.

7.02 In the event there is disagreement between the Approved Contractor and FRIAA regarding the application of FRIP or any matter arising as a result of the Approval, either party may request an appeal or review and resolution of the matter in writing to the Committee,

which review or appeal shall be conducted in accordance with the procedures and policies of the Committee, and in particular, the Appeal Policy of FRIAA.

APPROVAL REVIEW & ADMINISTRATION

8.01 In the event an Approved Contractor is in breach of or otherwise fails to perform, for any reason whatsoever, any provision or term or condition of an Approval, or is in contravention of any policy or rule of FRIAA, FRIAA may, in its sole discretion, do one or more of the following in addition to any other rights it may have at law or otherwise:

- (a) terminate any and all agreements with the Approved Contractor;
- (b) suspend or cancel membership in FRIAA;
- (c) demand and be entitled to receive from the Approved Contractor any and all paid, disbursed and undisbursed funds advanced by FRIAA on account of any Project or pursuant to any Approval;
- (d) withdraw Approval of a Project at any stage of the Project;
- (e) commence any action or take any steps that FRIAA may consider just or appropriate in the circumstances.

8.02 In the event of the death of an individual Approved Contractor (the "Deceased") prior to the completion of the Project, the estate or personal representative of the Deceased may, upon meeting the reasonable requirements of FRIAA, complete the Project in accordance with the Approval entered into regarding that Project.

8.03 In the event of the appointment of a receiver over the assets and affairs of an Approved Contractor, FRIAA may allow, in its sole discretion, the receiver to carry out the terms of the Approval prior to receivership, provided always the receiver be obligated to the same extent and in the same manner as the Approved Contractor. Further, FRIAA may, in its sole discretion, allow FRIAA Funds to be utilized by the receiver of an Approved Contractor in a manner that is in accordance with the bylaws, rules and policies of FRIAA, as well as any applicable agreement, all as if the receiver is the original Approved Contractor of the FRIAA Funds.

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