



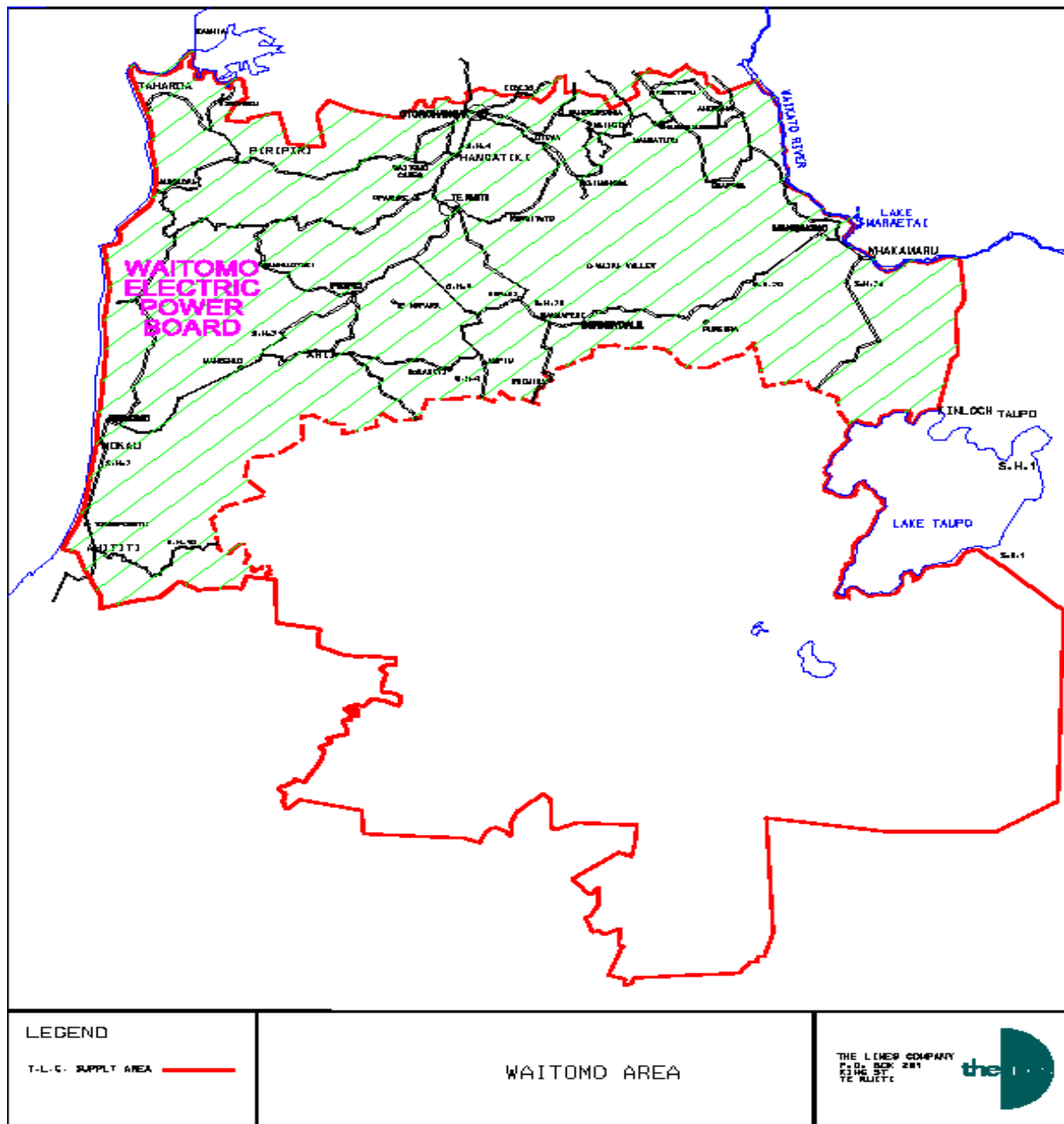
North King Country Development Trust

Funding Policy

November 2011

Version 2

North King Country



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1.0 Glossary of Key Terms

Benefit the Lines Company - Is identified as initiatives that improve the economic wellbeing of the region and create strong communities. Examples include the establishment of new businesses, an increased number of jobs within the North King Country and initiatives that attract new residents to the region.

Assistance:

- **Business Mentoring** – Equates to five hours support or advice from a professional or industry expert.
- **Product development/commercialisation** - The process of taking a new product through development into production.
- **Seed funding** – Funding to support start up costs of an initiative
- **Funding equity for new business ventures** - In this instance, the Trust would become a shareholder in the business by purchasing an agreed number of shares. The terms of each equity agreement is negotiated separately with the individual applicant..

Funding Misuse - The failure to account for the use of a past funding or the use of funding from the North King Country Development Trust for any purpose other than what the funding assistance was provided for. Trustees reserve the right to request the repayment of any funds allocated where misuse is identified.



2.0 Background

The North King Country Development Trust was formed in 1993 as part of reforms to the electricity industry. In particular, the Energy Companies (Waitomo Energy Services Limited) Vesting Order 1993 and the establishment plan presented to the minister under the Energy Companies Act 1992.

The act saw the Lines Company (Waitomo Energy Services Ltd) as the successor of the power board, and as part of the establishment plan the Trust formed and was funded to assist in the stimulation of economic growth within the North King Country Region.

The Trust is overseen by a board of six Trustees (1 representative from the Lines Company, two Mayors, one Maniapoto Iwi representative and two Community representatives). Each year the Trust makes funding available for the promotion of economic well-being within the north King Country region.

Assistance provided by the Trust is to be in the interest of the Company (Lines Company) as identified at the time of the Trust's establishment

3.0 Introduction

The purpose of this policy is to establish the policy and principles which form the basis for the provision of funding and mentoring assistance to initiatives that stimulate economic growth within the North King Country.

The focus of the policy is the provision of funding assistance to the commercial sector in order to create a strong economic base and improve economic well being.

This policy will identify all areas of funding support that North King Country provides.

The area served by this policy is that of the Northern King Country (Marokopa, Te Kuiti, Otorohanga, Whakamaru and Turangi)

4.0 Policy Objective

The objective of the North King Country Development Trust Policy is to ensure it is aligned to Trusts funding criteria.

5.0 Commencement of Policy

This policy is in effect from November 2011 and will be reviewed annually.

6.0 Scope

The North King Country Development Trust Fund (Fund) focuses on initiatives that that stimulate economic growth and development within the North King Country. These funds can be used to provide assistance towards:

- Business mentoring and advice
- Product development and commercialisation
- Seed funding
- Research
- Funding equity for new business ventures.

Consideration will be given to initiatives that demonstrate a clear contribution to the creation of a strong economic base and improve economic well being.



Funding recipients must be able to demonstrate their contribution to criteria determined by the Trustees to be in the interest of the Lines Company. Some specific Funding Criteria are as follows:

1	<i>Promote economic development in the North King Country</i>
2	<i>The establishment of new jobs within the North King Country</i>
3	<i>Increase business activity within the North King Country</i>
4	<i>Promotion of the North King Country as an attractive place to live and do business</i>
5	<i>Other</i>

The value of assistance is determined on a case-by-case basis.

All applications to the fund are assessed by the Trustees of the North King Country Development Trust (The Trust).

If the Trustees do not consider applications received within any financial year to be suitable, any part of the fund may be withheld at their discretion.

7.0 Applicant Categorisation

In order to assist the Trustees when funding applications are considered, and to track funding practices over time, basic sector information is to be collected from all applicants.

This information will include:

- Sector/Industry
- Number of Employees
- Years of Operation

8.0 Communication

The availability of funding and related policy information will be communicated via the following methods:

- The North King Country Development Trust Website
- The Fund will be advertised in the Waitomo News twice a year, May and November
- Local Media

9.0 Eligibility

Applicant Eligibility

To be eligible for assistance from the Trust applicants must operate within the area identified as the North King Country, and (where available) be able to present annually audited financial statements and reports.

Exceptions

The Trustees at their discretion, in exceptional circumstances, and on a case by case basis, may consider funding applications from applicants who do not meet the eligibility criteria if:

- There is evidence of significant economic benefit to the region to be derived from the project; and
- If the initiative fills a recognised gap in the local market.



Ineligible Projects

The Trust will not allocate funding to:

- Projects that do not contribute to the funding criteria
- Travel or conference attendance
- Completed projects/ Retrospective funding
- Loan / Debt repayment
- Research that has already been undertaken
- Alternatively, any application at the discretion of the Trustees

10.0 Funding Considerations

The Trust operates a two-stage funding assistance process. Stage one, involves providing access to business mentoring and advice, while Stage two involves the allocation of funding support for:

- Seed funding
- Development
- Product Commercialisation
- Equity for business ventures
- Research

Applicants must be able to demonstrate that they have undertaken some form of mentoring prior to submitting an application for Stage 2 funding assistance.

In exceptional circumstances, on a case by case basis, the Trustees reserve the right to waiver compulsory business mentoring if there is evidence of extensive experience on the part of the applicant.

In all instances, the level of funding allocated is at the discretion of the Trustees. Each allocation will take a range of factors into consideration. The Trustees main considerations include:

- Contribution to the economic benefits recognised as in the interests of The Lines Company
- The initiative being undertaken and its deliverable level of economic benefit
- The strength of the business plan
- Research and risk assessment

Specific conditions may be imposed on funding, at the discretion of the Trustees.

Funding Levels

Stage 1: Business Mentoring/ Advice

The Trust can fund up to five hours business mentoring/ advice for applicants. This mentoring and advice is intended to allow applicants to increase their knowledge and develop more robust, and comprehensive goals and business plans.

All applicants are asked to indicate the type of mentoring support or advice they would like to receive, and if successful in their application, are linked to an appropriate mentor identified by the Trustees.

Both the applicant and mentor will be required to submit an evaluation of the assistance provided.

Stage 2: Funding Assistance

Applicants must be able to demonstrate that they have undertaken some form of mentoring prior to submitting an application for Stage 2 funding assistance.



The Trust can provide up to 80% of the total initiative costs. This level of contribution means that there is still a significant requirement for an applicant to raise funding from other sources.

Any assistance allocated may be held back until it is clear to the Trustees that the initiative will proceed as outlined in the original application, and/ or until any other conditions set by the Trustees have been met.

Applications

Stage 1: Applications to Stage 1 require the submission of an application form. This form seeks some preliminary information about the potential initiative.

Stage 2: All applications to Stage 2 require the completion of the business mentoring programme and the submission of a detailed business plan. A greater level of detail and project justification is expected for applications that request funding in excess of \$10,000.

Applications must be made for assistance towards support a specified purpose. Applications without clear budgets will not be considered.

The level of assistance approved is, in all cases, relative to the size of the project.

11.0 Assessment of Applications

All applications are checked for completeness, and incomplete applications will be returned to the applicant.

The following information is required to enable the Trustees to adequately assess and evaluate the merits of the applicants, and the proposed initiative.

Applications are not considered for **Stage 1: Mentoring** unless the following information is provided:

- A completed Application Form
- Detailed commentary on how the application fits with the Trusts Funding Criteria and Objectives
- The applicants most recent Annual Report
- Details of two Independent Referees

Applications are not considered for **Stage 2: Funding Assistance** unless the following information is provided:

- A completed Application Form
- A detailed Business Plan, outlining how the initiative meets the funds criteria
- Evidence of sound financial management including a financial statement/ report and a copy of the applicants most recent bank statement
- Printed bank deposit slip
- The applicants most recent Annual Report
- Details of two Independent Referees
- Evidence of research into feasibility

Incomplete Applications

The Trustees will return all incomplete applications to the applicant for completion before consideration.

Level of Financial Reserves

The Trustees acknowledge that it is prudent for applicants to carry financial reserves for their operations. However, if an applicant is carrying a high level of reserves, the Trustees may not approve funding to applicant (or all of the requested amount).



Accountability

The Trustees expect all funding to be spent in accordance with the purpose for which it is allocated, and that the intended benefits will result.

The submission of an accountability report is required 12 months after the receipt of funding. Recipients are required to report on:

- Expenditure
- The initiatives contribution to economic well-being
- Positive outcomes achieved

Additional accountability conditions may be imposed on funding, at the discretion of the Trustees.

Funding Misuse

Failure to account for the use of a past funding will be sufficient cause for any subsequent application to be declined.

Using past funding for any purpose other than that approved by the Trustees will mean that any future applications would, at the discretion of the Trustees, be declined.

The Trustees reserve the right to request the repayment of any funds allocated where misuse is identified.

Conflicts of Interest

Trustees are required to declare any direct or indirect conflict of interest in relation to any application being considered. For example:

- A direct conflict exists when a Trustee is an owner, member or shareholder of party making the application.
- An indirect conflict exists when a member of a Trustees immediate family is an owner, member or shareholder of the party making the application.
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Exceptions

The Trustees at their discretion, in exceptional circumstances, and on a case-by-case basis, may consider a higher level of funding if:

- There is evidence of significant economic benefit to the region to be derived from the project; and
- If the initiative fills a recognised gap in the local market.

