

Firms can tap into \$4m fund

Extra funding available to support bright local companies

Graham Skellern



New entrepreneurial companies in Western Bay will now have access to increased funding to promote their smart business plans and innovative products.

The 45-strong investment group, Tauranga Enterprise Angels, has signed a partnership agreement with New Zealand Venture Investment Fund (NZVIF), making an additional \$4 million available to support product development, marketing and sales growth of bright local companies.

Te Puna-based Reunion Food Company, which produces and distributes five Heilala Vanilla products here and overseas, is the first recipient of the new funding in this region.

NZVIF, established by the Government in 2002 with capital of \$200 million, will match private or angel investment up to \$500,000 per company through its seed co-investment fund (Scif). NZVIF has a total of \$40 million available in its scif fund and the remaining \$160 million is earmarked for venture capital funds.

"As we all know, venture capital is a high risk area of investment and done well it can reap huge rewards for the wider economy," said Franceska Banga, NZVIF chief executive.

"We are committed to supporting companies through their most challenging growth stages. Our money sits alongside the investment by private investors, who have been successful in their own right and enjoy working with young entrepreneurs.

"They have the experience and contacts to help the start-up companies."

Tauranga Enterprise Angels, started nearly four years ago, is the 13th regional co-investment partner with NZVIF.

"These partnerships help mobilise and create a focus for increased investment into the region and into entrepreneurial and high-growth companies. The Angels make the investment decision and we come along and share the risk," said Ms Banga. "I



DONE DEAL: Franceska Banga and Neil Craig sign a co-investment agreement for funding smart local companies with high-growth potential.

PHOTO/JOEL FORDE

can see with the deals done here that they add a different flavour to our portfolio."

Ten investors from Enterprise Angels are putting \$225,000 into Heilala Vanilla and NZVIF will match this with another \$225,000.

Bill Murphy, executive director of Enterprise Angels, says the money will be used for product and market expansion.

"Heilala Vanilla is looking to make bigger inroads into the United States and Asia and to consolidate their markets in Australia and New Zealand."

Heilala Vanilla, which processes dried vanilla pods grown in Tonga, is currently trialling three new products at Massey University.

Enterprise Angels members are also investing \$300,000 into the Havelock North Fruit Company

which has the exclusive marketing rights for a small, sweet-flavoured apple called Rokit and packaged in an eye-catching tennis ball tube.

NZVIF's scif fund is putting in \$200,000. The apple — which has a firm crunchy texture — was bred by Plant and Food Research (formerly HortResearch) and will be sold as a snack in the children's, foodservice, gifts and corporate markets.

"This apple is characteristically smaller than other established varieties and, combined with its distinctive appearance, will help differentiate it in the market place," said Havelock North Fruit Company managing director Phil Alison.

Mr Murphy says the investment will support marketing, help build supply by bringing growers onboard and

protect intellectual property.

At present, 1500 cases of Rokit apples have been produced and British supermarket chain Marks & Spencer's is trialling the new variety. The Rokit is also sold in New World supermarkets in Hawke's Bay and Auckland.

Mr Murphy said the local business community needed to understand the tremendous resources provided by the Enterprise Angels.

"Not only do they have investment funds, but also the expertise and knowledge to support new businesses. We are looking for companies which have a serious intention of growing and we will work with them."

Enterprise Angels, formerly called Western Bay of Plenty Investors Forum, has more than \$10 million to invest. Its board

includes Neil Craig, executive chairman of Craigs Investment Partners, John McDonald, Air New Zealand and Solid Energy director, and Daryl French, senior manager organisation development and performance for IBM New Zealand.

The group's strength has grown from 20 to 45 investors in the past 18 months and chairman Mr Craig said at the NZVIF partnership signing that the membership "will be well north of 50 by the end of December".

Mr Craig said the partnership agreement signalled to the community that "we are open for business, and we can fund start-up and small companies to get them going and access government funding — that's a critical endorsement".

The signing took place during

the national Angel Association conference at the Sebel Trinity Wharf Hotel, attracting nearly 100 private investors from United States, Australia and New Zealand. A New Zealander of the Year, Sir Ray Avery, was a guest speaker, talking about the key to successful product realisation.

Ms Banga told the conference delegates the NZVIF had invested in 111 high-growth New Zealand companies, matching \$100 million of the fund's capital with \$400 million worth of private investment.

"The leverage impact for those companies has been critical and \$500 million of investment over 10 years is great. But one of our goals for the next 10 years is to raise \$2 billion worth of capital for investment into angel investor companies," she said.