



## RURAL BUSINESS

# Selling the sizzle source with the steak

Technology developed for the primary sector can have lucrative spin-offs in other areas

### Hugh Stringleman

Wake up to the latent competitive advantages in technology underpinning the primary sector, the business start-up and intellectual property specialist Nick Gerritsen told the 20:20 Primary Industries summit.

"I think it is probable that the IP is worth more than the capital value of the industries themselves," he told company leaders, researchers and legislators.

As former Prime Minister Mike Moore put it, there is more technology in a lamb chop than a Nokia mobile phone.

"Innovation lies beneath every primary industry, and we need to nurture this, release it and leverage it," Mr Gerritsen said.

The sector has seen innovation as part of the way to maintain price competitiveness, such as new processing machinery.

"We haven't yet looked at that innovation as an asset in its own

right," he said. "New Zealanders have a unique way of solving problems which is demand around the world."

Mr Gerritsen, a lawyer and former IP consultant for Minter Ellison Rudd Watts, runs Crispstart from his Picton base, advising on and taking positions in new technology start-ups.

Among these have been Syft Technologies, Vortex DNA, Aquaflow Bionomic Corporation, Carbon-scape and the very popular global warming website Celsius.

Globalisation is forcing massive changes in business conditions that will mean the reformulation of New Zealand's business proposition, he said.

We can no longer just produce more and sell it more cheaply. That type of economic advantage will be hard to maintain, beset by cheaper competition, sustainability and water issues.

"We are not looking at business as usual. Change is inevitable and insidious.

"Sustainability is the key. We will have to devise our own solutions and business will have to do it, because government help is too slow in this context.

"Take climate change – New Zealand is the second most emis-



**Nick Gerritsen**

sions-intensive economy in the world and it is already being used against us.”

But what might appear to be negatives in distance-to-market, food miles and

carbon footprints can be turned into positives quickly, Mr Gerritsen maintained.

“Stitch together the whole story about our history and culture, distance from any troubles, baseline food quality, grass-fed versus feedlot, etc, and put it out there.

“Engage with the consumers, collaborate with other New Zealand food exporters and speak with one voice.

“Truth is, the meat, dairy, wool and seafood sectors are all trying to sell to the same consumer.”

Traceability is being forced on to food producers, who should respond by insisting on talking directly to consumers where possible.

New Zealand Merino has developed a Zque traceability standard and branding, which high-end clothing companies like Icebreaker and John Smedley (UK) are taking

further into internet connections between the garment purchasers and wearers and the fibre producers, selected South Island high country stations.

“Put all the facts out there and believe in your product qualities and have confidence your consumers want to buy good products,” he said.

Primary producers have to seize back the distribution channels, rather than dealing with importers and wholesalers who keep the information to themselves.

As an example of the latent technology in the primary sector that has been picked up, perhaps surprisingly he mentioned video imaging in the meat industry, which led to three-dimensional computerised cinematography, as used by Weta Workshop for Peter Jackson films.

And farm effluent treatments producing algae for biofuel production.

And sniffer-detection technology in biosecurity being used for human disease diagnosis, food freshness, safety and flavouring.

The search for new applications and commercialisation of these home-grown technologies are not a responsibility of the scientists but of managers and directors who are trying to future-proof their companies.

“This will be a great source of

medium-term wealth – the hard work of research and application has been done.”

Mr Gerritsen agreed that the world was hungry for New Zealand's pasture-based technologies.

He warned that primary sector companies intent on reinventing themselves “from the outside in” would be scrutinised in new ways.

“When analysts start looking under the bonnet, sticky issues are going to be raised.”

Mr Gerritsen's greenshell mussel farm in the Marlborough Sounds received \$770 a tonne this year, despite the quality of the farming environment and the products.

Visitors from Ireland have told him that their mussels fetch €4000 (\$NZ7500) a tonne, and New Zealand aquaculture is supposed to be a leading export industry, worthy of emulation.

“Our waters pass US Food and Drug Administration standards in their natural state, but in Ireland and [the rest of] Europe, mussels have to be purified before going to market.

“We are selling our products way too cheaply, and there are other people who are trading our aquacultural technologies into South America.

“This is what I mean when I say we have got to make our IP work harder.”