



Northern Ireland
Assembly

Committee for Agriculture, Environment
and Rural Affairs

OFFICIAL REPORT (Hansard)

Briefing by the Mushroom Producer Organisation
and Commercial Mushroom Growers UK

20 June 2024

NORTHERN IRELAND ASSEMBLY

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Commercial Mushroom Growers UK

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Members present for all or part of the proceedings:

Mr Tom Elliott (Chairperson)
Mr Declan McAleer (Deputy Chairperson)
Miss Nicola Brogan
Miss Michelle McIlveen
Miss Áine Murphy

Witnesses:

Mr Andrew Mulligan	Commercial Mushroom Growers UK Ltd
Ms Liz Kelly	Mushroom Producer Organisation

The Chairperson (Mr Elliott): I welcome Liz Kelly and Andrew Mulligan. You have up to 10 minutes to brief us, and then you can take questions. I will hand over to you.

Ms Liz Kelly (Mushroom Producer Organisation): Thank you very much for having us here today. I thank John McArdle for giving you a lot of information that, hopefully, we will not have to repeat.

I have worked for the Mushroom Producer Organisation for two years, and Andrew works for Commercial Mushroom Growers UK Ltd. Between us and Northway Mushrooms, we have 12 mushroom growers in Northern Ireland. As you are aware, the producer organisation (PO) scheme is coming to an end in December 2025.

We are here today because we want to discuss the mushroom industry with you and to talk about the benefits of the fruit and vegetable aid scheme (FVAS). The mushroom industry in Northern Ireland is worth £40 million a year and produces 19,300 tons of fresh mushrooms for the UK market per annum. In Northern Ireland, 92% of mushroom producers are part of a PO structure, and the industry employs over 1,000 people in Northern Ireland.

The benefit of the fruit and vegetable aid scheme is that it gives certainty to growers for long-term planning. That was the case until recently, when the Government decided to close the scheme at the end of 2025. The scheme encourages structured investment through match grant funding, which means that, for every pound that the Government gives to growers, they have to match fund that. It allows food security for the UK public and provides protection to small and medium-sized primary producers, as well as access to markets, distribution channels and administration resources. It enables small to medium-sized producers to leverage economies of scale and to access industry knowledge and innovation. For example, some of my smallest growers benefit most from the PO

scheme by being able to invest more than the 4.1% that is currently given. That is because, in certain years, other growers were potentially not availing themselves of the full 100% of their 4.1%, so they advised the smaller growers to avail themselves of more.

I will hand over to my colleague Andrew Mulligan.

Mr Andrew Mulligan (Commercial Mushroom Growers UK Ltd): I will follow up on what Liz said. We are both English-registered POs, as you heard. There are three mushroom POs, one of which is registered in Northern Ireland while the other two are registered in England. My PO is made up of members from Northern Ireland, Scotland and England, so we are a real mixed bag. Liz's PO has members from England and Northern Ireland.

Just to give you some facts on the current situation, the UK is highly dependent on imports of horticultural produce and is less than 50% self-sufficient in mushroom production. The agri-food policy wishes to double the value of output over the next five to seven years from £100 million to £200 million, as was mentioned. The fruit and vegetable aid scheme is due to close at the end of 2025, as has also been said today. A consultation process has just been completed on a proposed Bill to amend the F&V scheme funding to be discretionary, thereby putting potential funding at risk. You have heard from the growers that they have no safety net. The term "discretionary" is concerning to the industry. It has led to a lot of uncertainty for growers, because they cannot plan and do not know where they are going. It is real concern for our growers, as you already heard.

One of the issues that the guys touched on earlier is that this is an EU legacy scheme. Last year, the EU relooked at and revamped the scheme, changing some elements of it to make it even better than it was before. Some of the things are part of a seven-year scheme, so there is seven-year planning. A mushroom grower who can plan seven years ahead has the safety of knowing what they are going to do and what they can potentially invest in over the next seven years. That is a massive advantage for anybody to have. As has been said, that is happening a mile down the road from Marty McKee and our other growers.

In Ireland, they also have the 80% funding option. That is for environmental and R&D-type actions and investments. They have the national development scheme, which is open to all horticulture and is worth around £3 million to the mushroom sector alone. Additionally, Ireland is developing an innovation fund to assist the mushroom sector in the move from current production methods to robotics and automation.

Earlier, the guys touched on the harvesting and labour issues that they are having, which have a massive impact on their output. I do not want to go over that again. They cannot expand and grow because of it. At the same time, they do not have the security to invest in automation and robotics that growers in the EU and Ireland have. The main competitors for mushrooms are Ireland, obviously, and Poland. As we stand, a number of growers in Ireland are trialling some of those automated processes. By the end of the year, some of those will be in place in Ireland, and Northern Ireland will fall behind in that.

I will say a few key things about recommendations and considerations for the PO scheme. For the mushroom industry, the PO scheme has been very successful. In Northern Ireland, 92% of mushroom growers are in POs. In the UK, the percentage is similar. We are often asked what we can do to make the PO scheme more attractive for other areas of horticulture, although not so much in England and more so in Northern Ireland. It has some rules that can be tweaked to make it a little easier for people to join POs; for example, on the number of members and the annual value of marketed production (VMP) which is, basically, annual turnover, that is required to form part of a PO. You have to hit a certain target before you can form a PO. Some reduce administration. One major area for the industry is the ownership of the capital items that producers purchase. At the moment, that has to reside with the POs, whereas, in some European countries, it can reside with the individual growers. That is what we want here. Funding levels will have to align with or even improve on the revamped EU scheme. If we are not at least on a par with those guys, the mushroom industry in Northern Ireland will disappear. You have heard it before from the growers that that will happen.

There is a lot of talk about labour issues. In the short term, they need to be addressed. However, in the long term, automation and robotics will be the answer for the mushroom industry. We need additional funding and support to get those off the ground. The figure of £64 million was talked about. That is based on current value. We would hope that, as it becomes more commercial, that figure will come down, but you can see the level of support that will be required for us to get to where we need to be.

A major issue and one flaw that was in the previous EU scheme is that, if you did not use the funding in the same year, you lost the funding. Now there is the opportunity to roll that funding forward or back. For automation, you can front-load that funding and spend it on automation and whatever needs to be done, and you can claim it back over the next seven years. Again, that is a massive advantage over the Northern Ireland growers. In general, that was an EU scheme that was run by the Department for Environment, Food and Rural Affairs (DEFRA) and administered by the Rural Payments Agency (RPA). Specifically, in Northern Ireland, we have probably not done a lot to promote the fruit and vegetable aid scheme here. We could do that a bit better in order to get a little more buy-in. Everybody in the industry has to take responsibility for that and try to move it forward.

We also think that POs should be encouraged and incentivised to play a pivotal role as technology hubs for the provision of research and innovation for UK horticulture. Obviously, we are here to represent the mushroom industry, but we are realistic: this has to help the whole horticulture industry in Northern Ireland. We strongly believe that POs can do that. We talk about collaboration. That is what a PO is: collaboration. Why reinvent the wheel? Why spend money and time on developing a new scheme when a scheme is there that ticks so many boxes that we need and that horticulture needs? It just needs some tweaks.

That is basically it. I do not want to go too deeply into it, because that would take me over the 10 minutes. That is really what we want to say. What do we really want? I suppose that we want to be on a level playing field with the EU. We want to be on a level playing field with ROI. ROI producers and NI producers sell their produce to the UK market. Ninety-five per cent of Northern Ireland's produce goes to the UK marketplace. The industry here is trying to compete with a minimum wage that is lower in the Republic of Ireland. They also get benefits from the flat-rate VAT scheme. They have the two-year visa scheme, and now they have the 80% funding, so you can see the problem that those guys face.

The Chairperson (Mr Elliott): Thank you, Liz and Andrew. That is also interesting. How much would it cost an average-sized mushroom producer in Northern Ireland to put in a fully automated system?

Mr Mulligan: It really depends. About five options are available at the moment. The great advantage of one of those automated technologies is that you can use the existing infrastructure, so you do not need to build a new farm. If anybody was building a mushroom farm now, it would be of a completely different design from that of 90% of the farms out there.

Automated technology is being trialled in Ireland before the end of the year, and a system that will retrofit on to existing mushroom shelves has been trialled for the past year in Canada. For the majority of growers, that will probably be the way to go, but it is expensive. The £64 million to automate the whole of Northern Ireland will be used for that technology.

The Chairperson (Mr Elliott): You mentioned the £64 million: what would an average-sized producer produce? I am not sure what they would produce.

Mr Mulligan: It varies from 50 tons to a couple of hundred tons. For a 100-ton farm, you are probably talking £4 million to £5 million.

The Chairperson (Mr Elliott): Right, OK. What would the lifespan of that technology be?

Ms Kelly: We were told the other day in a telephone call that they would expect the robotic arm to last between 15 and 20 years.

Mr Mulligan: It is important to say that the technology is still in its infancy, so it has not got to the level where we could be confident about saying that. However, there really is potential. The mushroom industry is probably underdeveloped where automation is concerned. We are definitely behind others with it, but we are moving forward quickly. We were all at a conference the other day where those five technologies were on display. As I say, they will be trialled in Ireland and the EU before the end of the year.

The Chairperson (Mr Elliott): I noticed that your briefing paper states that the:

"UK is highly dependent on imports of horticulture produce and is less than 50% self-sufficient in Mushroom production".

Where do the other 50% come from? Is it mainly the EU?

Mr Mulligan: Ireland and Poland.

The Chairperson (Mr Elliott): Finally from me, there are a lot of issues around climate change. Is there any impact on the mushroom industry, or does the mushroom industry have any impact on climate change?

Ms Kelly: In every investment that we make, we look at what energy efficiencies we can make. A major one, on the basis of the programme that we have, is on the environmental factor. We review every year what is needed on the farm. We are working with each of our growers, and I believe that three of my growers will be re-covering and re-insulating some of their tunnels this year.

For example, I spoke about one of our smallest growers. When I started, you walked into his tunnel and could see the sun coming through. We have re-insulated and re-covered three of his four tunnels. We have not been able to do the fourth one yet because he grows shiitakes, and that is a six-month production. It has to be aligned with when his produce is fully out of that tunnel, so we can do the fourth one only then. Shiitakes are temperamental. It may sound silly, but too much knocking can destroy a whole house of crop. His oil man phoned and asked him whether he had closed his business, because he had not been ordering oil. That is an example of one of our smallest growers. On a large scale, however, we always look at the environmental side.

Mr Mulligan: In general, mushroom production happens in an enclosed environment. As little time as possible is spent in the room, so it is a controlled environment. Farms have invested in photovoltaic (PV) systems over the past few years, even Northern Ireland farms. They were looking at biomass boilers. They were doing a lot of environmental work over the past 10 or 15 years to reduce their carbon footprint. In general, though, that is an enclosed environment, but mushroom farms are energy users, particularly in the summer, when they use it for cooling. That is the most challenging time for mushroom production. However, they look at every environmental option that they can, and a lot of equipment that they invest in is more modern, better and more efficient.

The Chairperson (Mr Elliott): OK. That is interesting.

Mr McAleer: I asked this question of the representative at our previous session: have you had an opportunity to engage with the Minister or the Department? Are they in listening mode?

Mr Mulligan: We have not got that far yet. We were probably a bit late in coming to the table, to be honest, but we have requested an audience with the Minister and are due to get that. We will raise those issues then.

We have Northern Ireland growers, but we span England. We are part of a sector group in England. Every PO in the UK is part of a sector group in England. It is looking at revamping its scheme and at what it can do. With the elections over there, that has been paused, but work is going on over there, and it looks like it will liaise with industry to try to understand what the industry wants and what they can do for it. That needs to be done here.

Mr McAleer: Are there any other support schemes in the devolved regions?

Ms Kelly: Do you mean over in England etc?

Mr McAleer: In Scotland or Wales.

Ms Kelly: For example, I have a grower in England. I cannot remember exactly which programme he tried to invest in, but it was one for PV. He came back to me and asked, "Can I put the PV through the fruit and veg aid scheme? I spoke to the suppliers, and they said that the PV industry scheme is earmarked for the dairy industry. We have been laughed at and told that we will not get the grant funding". That is what is coming back from the growers.

Mr Mulligan: That is a major concern that we have with the term "discretionary". If there is a move towards a competitive grant scheme, there will be a major problem. There is no security or long-term planning, so these guys do not know where they will be next year. Some areas of horticulture need to plan two years ahead. It is not as bad as that for the mushroom guys, but it is still a problem when

they cannot plan ahead. You listened to John McArdle talking about how he applied to the scheme in 2022 and it took 18 months. That just cannot happen. How can you plan? There is an opportunity for us to expand mushroom production and horticulture in Northern Ireland if we avail ourselves of the full benefits of a PO-type scheme.

Ms Kelly: I will add to that. In the fruit and veg aid scheme, we create a three- to five-year plan. Every year, we sit down with the growers and directors and review what we will do for the next year. We are able to continuously sit down with the growers and directors to amend that, as and when required, such as during the energy crisis, when we were able to change our plans and invest in PV. That gives the grower structured planning and the ability to amend the scheme to the needs of the industry.

Mr McAleer: Thank you, Liz.

Mr Mulligan: A really important point that John mentioned a couple of times is that there is no safety net for the mushroom growers in Northern Ireland. As it stands, the scheme is due to end in 2025. How can those guys plan ahead? How can they do any type of investment or commit to anything when they do not know what will happen? There is so much uncertainty in this area.

Ms Kelly: Historically, a lot of the grant funding has been based on hectare. In my opinion, it would be beneficial to start looking at basing it on revenue. Even in the agriculture sector, a lot of smaller farmers are starting up who have no ground but are starting small farms. It would be beneficial to project the ethos that the more you grow and the more production you create in the small amount of land that you have, the better off you will be.

The Chairperson (Mr Elliott): OK. All right. Thank you very much for that, Liz and Andrew. It is much appreciated. Best of luck.

Mr Mulligan: Thank you.