



Northern Ireland
Assembly

Committee for Agriculture, Environment
and Rural Affairs

OFFICIAL REPORT (Hansard)

Briefing by the Northern Ireland Mushroom
Growers Association

20 June 2024

NORTHERN IRELAND ASSEMBLY

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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 John McArdle	Northern Ireland Mushroom Growers Association
Mr Martin McKee	Northern Ireland Mushroom Growers Association

The Chairperson (Mr Elliott): We have John McArdle and Martin McKee: is that correct?

Mr John McArdle (Northern Ireland Mushroom Growers Association): That is correct.

The Chairperson (Mr Elliott): You are welcome. It is good to have you here. I understand that the Northern Ireland Mushroom Growers Association was established in 2022 and represents 80% of the mushroom farms in Northern Ireland. It is over to you to brief us. You have up to 10 minutes for the briefing, after which you will, we hope, take questions.

Mr McArdle: Thank you for the invitation to appear before the Committee. I will give you an overview of the mushroom industry in Northern Ireland. Today, there are 12 button mushroom growers in Northern Ireland. That number has reduced over recent years as a result of closures and consolidations from a peak of almost 300 in the 1990s. The mushroom industry in Northern Ireland accounts for 40% of horticultural output. The sector is estimated to be worth approximately £64 million per annum. Northern Ireland provides 10% of the UK's mushrooms and 40% of its organic mushrooms. Approximately 700 people are employed full-time across the mushroom industry in Northern Ireland, with over 300 employed full-time in the mushroom supply chain. Approximately 95% of the people employed in the sector come from outside the UK.

We welcome the commitment in the future agricultural policy to make and improve contributions to the Northern Ireland economy through a horticultural programme that aims to secure a twofold increase in the output of the sector from £100 million to £200-plus million over the next five to seven years. That ambition to support and grow the sector is also contained in the green growth strategy, with the opportunity to reduce our carbon footprint through the promotion of locally grown food, and it is further highlighted in the draft food strategy framework, which stipulates that food systems should ensure

environmental, social and economic sustainability and meet the growing interest in sustainable, healthy diets.

How can we turn those policies into action? We must first look at the challenges that we face. Although there is significant opportunity to grow the sector, that is frustrated by a lack of staff availability to optimise crop harvesting. The current seasonal agricultural workers scheme (SAWS) is limited to six months, which does not meet the needs of the industry. We have a four-month training period that requires us to top up trainees' wages. That costs around £1,500 for each worker over a six-month period, which is over and above what a normal worker gets. During the training period, productivity is 10% lower. Many SAWS workers end up in other countries that offer longer schemes. They are using us as a training ground.

The Migration Advisory Committee (MAC) conducted an independent review of seasonal workers, and its response is due this summer. At present, some farms are running at 70% capacity, limiting productivity, despite demand for locally grown, high-quality food and the significant economic potential that addressing the issue could unlock.

Furthermore, there is a lack of support for automation. Ultimately, the mushroom industry believes that automation will be the solution to the labour challenges. However, with an estimated cost of £64 million to automate the Northern Ireland mushroom industry, without significant support to mushroom farms, we will not be competitive with the ROI, which has the required investment in place through its horticultural grant scheme. That scheme, which is worth €3 million, is available to the mushroom industry each year, with further support coming down the line with automation, as well as a more favourable producer organisation (PO) scheme that allows for strategic planning and rates of 80% for R&D and energy efficiency projects.

Recent NI initiatives such as the energy efficiency scheme and the agri-food investment initiatives for robotics and automation are exactly what we need for our industry. However, primary agriculture producers are excluded from those schemes. With the proposed changes to the fruit and veg aid scheme, which would see the withdrawal of 4-1% match funding investment, making this discretionary would remove one of the only supports that the industry has, leading to less growth and strategic planning and £8 million-plus of investment disappearing from our industry over the next five years. Moreover, there is no safety net for mushroom growers. Whilst other farm types will have access to farm sustainability payments, no such support is available to mushroom growers, due to the eligibility criteria relying on metrics that do not translate to mushroom growing.

How do we get the mushroom industry from surviving to thriving? The first step would be an extension of the SAWS from six months to a minimum of two years. That could be done on a NI-only basis and would require approximately 500 visas. We ask the Committee to write to the Migration Advisory Committee in support of visa extension as soon as possible and ahead of the publication of the independent review of seasonal workers. We also ask the Committee to write to the Minister and the new UK Government in support of the extension and to the NIO and the Home Office. Secondly, we would extend the farm sustainability payments, the energy efficiency scheme and the agri-food investment initiative to mushroom growers, increasing investment to support growth in line with DAERA ambitions. Finally, there should be continued support for the industry through the fruit and veg scheme, and any changes should not see a reduction in investment to the mushroom sector, given the challenges due to the previous lack of support from government. It is really the only support that the mushroom industry has. If you do away with that, you will do away with the mushroom industry.

Thank you for taking the time to listen to us.

The Chairperson (Mr Elliott): I appreciate that, John. Thank you.

I have a couple of quick queries. Sorry if I missed this; you might have mentioned it. Roughly, how many migrant workers are there in the industry? I think that you said that the number has reduced.

Mr McArdle: There are roughly 700 employees in the industry. Migrant workers make up about 95% of that total. We have gone through and continually go through several different promotional things to try to get local workers to work for us. Given that mushroom growing is a seven-day-a-week job with variable hours, because we can only pick mushrooms as they grow, no set hours can be given.

The Chairperson (Mr Elliott): OK. On the automation of the process, I assume that you have looked at the potential of automatic pickers: is that right?

Mr McArdle: Yes. Work is being done around the world at present, and tens of millions are being thrown at projects for automation. We gave a figure of £64 million to automate the mushroom industry, and that is going by what is the most promising project. It is not at market stage yet, but is at prototype stage, and that is the estimated cost for us to automate the industry. We see that being four to five years down the line.

The Chairperson (Mr Elliott): OK. Finally, where is your biggest market?

Mr McArdle: Our biggest market is the UK. Ninety-five per cent of our mushrooms go to the UK.

The Chairperson (Mr Elliott): OK, and there is no problem getting goods from here to GB.

Mr McArdle: No.

Mr Martin McKee (Northern Ireland Mushroom Growers Association): The supermarkets want UK mushrooms. They will buy UK mushrooms over ROI mushrooms, but the problem is that we cannot get them harvested.

The Chairperson (Mr Elliott): OK. About 20 years ago or so, there seemed to be a huge increase in farmers putting up three or four mushroom houses, and that all seems to have dissipated. Has the small number of larger producers got bigger and the smaller ones just gone out of business?

Mr McArdle: Yes. In the 1980s, there was a satellite system, as I said, until the 1990s, when it peaked at about 300 growers. Those 300 growers supplied their products to marketing companies. The growers specialised in the growing element of the process, and the marketing companies specialised in dealing with supermarkets. As time has gone by, the regulations and cost involved in mushroom growing have meant that businesses had to get bigger. If you did not get bigger and get help from the POs, you would not have been able to increase in size.

Mr McAleer: Thank you for the presentation. I can see the serious pressures that you are under to get workers. Some 95% of them are migrant workers and can stay here for only six months: is that right?

Mr McArdle: Yes. Under SAWS, we can have them here for six months. It takes us four months to train up harvesters before they reach the necessary pick rate. They do not have to stop at the necessary pick rate; they can earn more, and we try to get across to local people that they can earn more than the minimum wage. The problem that we face, however, is that, although SAWS is for six months, workers do not always come in on day 1. A lot of them fly into London and could be two weeks into their visa before they arrive — the last people I had in were two weeks into their visa — and then they fly out early to get home. We do not get them for the full 26 weeks. We may get them for only 24 or 23 weeks, and, at that stage, 16 weeks are spent bringing them up to the necessary pick rates. Therefore, we are topping up their wages. On my farm, that costs me £1,500 extra per worker every six months. Even though we have offered higher rates to employ local people, they do not want to do mushroom picking.

The bigger element is productivity. We are down on productivity because workers do not pick the mushrooms correctly. A mushroom will grow by 4% every hour. It doubles its size in 24 hours, so it has to be picked at a specific time. That is where the fluctuation in the hours comes from. If we do not pick mushrooms at the optimal rate, that affects our yield, which affects our bottom line and leaves us not being able to make money.

Mr McAleer: When workers come here, they can stay for only six months. That is under Home Office rules that come through DAERA. Do you find situations where those workers head to the South?

Mr McArdle: Yes.

Mr McAleer: You painted a picture of a much wider range of supports in the South, with funding for the sector from the Government down there and the EU. Have you met the AERA Minister here?

Mr McArdle: Yes. We met the AERA Minister to voice our concerns not only about the visas but about the whole industry and the economics of it. I will be brutally honest. Five years ago, I hoped to expand. I still hope to expand my business, but I am having to look seriously at setting up in the South of

Ireland because of the lack of support and the visa situation in the North of Ireland. Martin's farm is a mile from the border. If he had placed his farm across the border, he would get 80% of his costs from energy efficiency programmes through the PO, and he would have access to €3 million a year.

The basic farm payment is a bit of a bugbear for me. We do not get it. Our farms have turnovers from £2 million to £6 million, but we get nothing. Last year, we were hit by the energy crisis. I have been hit by bird flu in England, because I grow organic mushrooms and have not been able to get chicken litter, which has affected my compost. Towards the end of this year, we will be affected by the straw shortage. We are affected by factors outside our control, but we have no safety net. We are not included in any safety net.

The only support that we have been able to get outside the producer organisations is the farm business investment scheme. I have applied for that scheme, and I have a letter of offer. I applied for it in May 2022, and I got a letter of offer at Christmas 2023. We cannot plan with that. The producer organisations let us plan. They let us plan a three- to five-year programme of what we want to do, how we want to expand, where our money will go and where the investment will go. The money from producer organisations is all about investing in us and making us more efficient in growing our companies. We cannot do that if you take that away.

Mr McKee: I will highlight the fact, Declan, that the Northern Ireland mushroom industry will not be here 12 months from now if support does not come or the POs are not looked at. It just will not be here. We have already lost 30% of it because we cannot harvest the mushrooms. The ROI industry is growing all the time. It can see what is happening and that we are under pressure, and it will benefit from that. We need to see whether we can stop that somewhere. We are taking workers in and training them over six months, but they are going to ROI because they get the two-year permit scheme there with the possibility of staying an extra three years. We are seen as a training school, and then the workers go down there.

Miss Brogan: Thank you, John and Martin. You touched on what I want to raise. You heard in our previous briefing about the proposed changes to the fruit and vegetable aid scheme. How big an impact will there be if the payments are at the discretion of the Minister, as opposed to being statutory? You talked about not having a safety net. It seems as though you do not have a safety net, whereas other farmers have the basic payment scheme as a support. What changes in the Bill would you like to see in order to have some kind of safety net?

Mr McArdle: From the producer organisations' point of view, there is not an awful lot wrong with the scheme. It could be improved slightly; some things in it could be improved. Assets, for example, are owned by the producer organisations and not held by the growers. The budgets are set yearly, so, for example, the 4.1% flat rate support, which equates to £1.6 million — again, I do not know how the split between DAERA and DEFRA comes into the equation — has to be spent in that year. If it is not spent or if we do not invest it in that year, it is gone. How would we improve the PO scheme? We would like to be able to roll it forward or back so that we could spend more in any given year in the knowledge that, in two or three years' time, we will have it. Automation, for example, will cost £64 million. Over a five-year period, the £8 million could go towards automation, but one year's worth would not put a dent in it.

A number of weeks ago, I sat in on a consultation with the College of Agriculture, Food and Rural Enterprise (CAFRE) on the new horticulture programmes that will be coming out. Three sectors were discussed. The first is about getting growers' groups together. That is exactly what a PO does. We have that in place; we do not need to reinvent the wheel. The second is about new grower growth, which we are all for, but it involves quite a capital investment, and you have no chance of that unless you have a PO in place. The third is for innovation. The innovation funding is, like the farm business improvement scheme, capped at £250,000. Capping our growers' funding at £250,000 over a five-year programme — the farm business investment scheme runs for five years — so that that is available only once in that five years means that, instead of having £11 million available to us, we will be cut down to £3 million, which would more or less knock us out of the industry. We have 40% of the horticulture.

Mr McKee: I think that the plan is to grow horticulture in Northern Ireland over the next three to five years. We are looking at 40% of it disappearing.

Mr McArdle: The mushroom industry and the producer organisations should be a model of how to succeed. The mushroom industry has been a success, with both here and the South using the

producer organisation model. That should be the model for what other horticulture industries should do, without taking away the funding and making it discretionary. If you make it discretionary, we would not know how to plan or where to invest, and we would not know what is coming down the line. I will go back to the fact that the farm business investment scheme is capped at £250,000. I put a programme in place that I spent a quarter of a million pounds on. My costs have gone up by 20% since then, but the support has stayed the same.

Miss Brogan: As you said, the industry develops far more in the South if funds are taken from here.

Mr McKee: The South is benefiting and can see that we are falling. The South will take the market. My point is that retailers in the UK will buy UK mushrooms; they want to sell UK mushrooms. They will pay us no more money for them, but they will buy them before they buy ROI or Polish products, because they want to sell UK-produced mushrooms. We are not going to be here to sell the mushrooms. There is nothing that those retailers can do about that. It is up to us to get a good PO scheme and the visas so that we can get seasonal workers to harvest the mushrooms.

Miss Brogan: The visas and seasonal workers are a huge challenge. Have you had much engagement with the Home Office or the British Government about having the chance to extend the visas to two years for people coming to the North?

Mr McArdle: We met the MAC twice. The MAC was helpful and engaged with our needs. It suggested to us a two- or three-year visa. We met Steve Baker, the NIO Minister, and he was shocked. Again, I put out an open invitation to all Committee members to visit a mushroom farm to see exactly what is involved. Steve Baker could not believe the ins and outs of how and when mushrooms are picked. He thought that we go from one end of a mushroom house to the other and pick the whole crop, but that is not how it works. Steve Baker was supportive and pointed us in the right direction. We have had nothing from the Home Office. We hoped to engage with the Home Office, but then the election was called, so that has been put on hold. We ask the Committee to write to the NIO, the Home Office, the Minister and the MAC as soon as possible, because the MAC review report will be published this summer.

Mr McKee: Not a lot of visas are needed, in the scheme of things. It is about the time.

Miss Brogan: It has a massive effect on you and your business. Thank you.

Ms Á Murphy: Thanks for coming to brief us this morning, folks. I will touch quickly on Northway Mushrooms and the Cabra site. Most of us are aware of the odour that has emanated from the site over the last number of months. What solutions are out there to successfully address the stink coming from the site?

Mr McArdle: We are not experts on compost; we are mushroom growers. From our experience in the industry, we know that there can be regress of the odour from the compost yard. That would require a spend of about £1 million, and Northway Mushrooms is changing ownership at the moment, so it will be up to the new owners to do that. We do not have an awful lot to add. It can be done, but spend is involved.

Ms Á Murphy: When the odour was mentioned in the past, was there engagement between you, Northway Mushrooms and the residents.

Mr McArdle: We are not members of Northway Mushrooms, so I cannot answer that question. Sorry.

Mr McKee: The new owners are planning to fix it. They will be in the site in the next three to five weeks. It cannot be fixed until the new owners are in place, but they plan to fix the yard.

Ms Á Murphy: It has been an ongoing issue. Hopefully, with the new owners, we are nearing a long-term solution for the residents. Thank you.

The Chairperson (Mr Elliott): Thank you again for your presentation. In general and setting aside the support that is required, does the return that you get for the price of the mushrooms mean that profitability is reasonable?

Mr McKee: You are always looking for more. That is just part of it. It does not matter —.

The Chairperson (Mr Elliott): I cannot believe that.

Mr McKee: There are good opportunities to grow mushrooms at the moment.

The Chairperson (Mr Elliott): It is not as though it is a fledgling industry that you are looking for support for to prop up. The support is for investment in the future and development.

Mr McArdle: It is all about trying to grow the industry. Frank Donnelly and I grow organic mushrooms, and we grow 40% of the organic mushrooms in the UK. There is demand for more organic mushrooms, but we are limited in what we can grow, because of the factors that we have put to you today.

The Chairperson (Mr Elliott): OK, thank you very much. That was interesting.