

THE BUSINESS OF ORGANIC MUSHROOMS

December 2013 · by *australianorganic* · in *Australian Certified Organic, Organic Industry*



At 80 per cent premium above conventional mushrooms wholesale – and sometimes 200 per cent more at retail – it’s not surprising to learn that organic mushrooms are one of the more difficult organic crops to grow.

Andrew Cowan has operated Benalla Mushrooms in Victoria for 23 years – 18 years as a certified organic business. He says, “In that time I have seen five other organic mushroom growers come and go, because it is not an easy business.” He adds, “I am pretty sure I know why they have not survived. It is because they use pre-spawned compost blocks, which adds to their expenses.”

Andrew starts with a commercial organic compost – a practice known in the industry as “phase one” – uses steam heat to sterilise the raw compost and adds the spawn himself. He says, “It is more work, because I manage all phases of the operation other than compost making, but I do have more control.”

Andrew says using organic compost from several sources has its own problems, because each batch of compost can be quite different, but he can adjust the product by blending or re-composting if necessary. He says pre-spawned blocks have just as much variation and can be gluggy (too wet), or under- or over-heated, and would add \$1000 per week to his costs.

David Minehan has run Minore Falls Organic Mushrooms at Dubbo, NSW for three years, but is about to close the door on the mushroom business. He says, “It is very expensive to operate an organic compost business. I subcontract the composting process and pay the contractors certification fees. I have high fixed costs in electricity for heating and cooling, and wages for manual harvesting are expensive.” David says it all comes back to yield per square metre, and *the conventional mushroom industry has access to a significant number of chemical cleaners, pesticides, fungicides and nutrient supplements that are not allowed in organic mushroom farming.* He says, “Conventional producers regard pesticides and fungicides as a minor expense, but I don’t have equivalent inputs and have to accept high losses when a batch of compost goes bad or pests and diseases get in.”

David has carefully managed the closure of his business, to give his contracted compost supplier time to wind down and staff maximum time to find alternative employment. David says he has had phone calls “from all over Australia” for mushrooms, but cannot make it profitable. He decided that the books from the business are not good enough to offer it for sale, and has gradually reduced the number of sheds from eight, to close in November 2013.

One of the biggest production differences between conventional and certified organic mushrooms is the use of fungicides – predatory fungus can plague growers. Andrew Cowan agrees that expenses are high, labour requirement

is intensive and pest and disease control is difficult. He says, “Mushrooms have a short shelf life and we can only hold onto them for two days before packing them off. Mushrooms grow in a warm, damp setting and humidity leads to disease, with few organic solutions other than good hygiene.” He has moved from timber trays to plastic grow bags, because these can be more easily isolated and do not carry over disease, and he uses predatory nematodes, however, he says it is easy to lose production from an entire house. He describes organic mushroom growing as “part science, part art and part luck”. When disease strikes, his most useful treatment is salt, but salt kills mushrooms as well as the disease, and he has to start all over again.

Fluctuation in demand is a problem, as the mushrooms do not keep and his costs are too high to sell them in another market. He says that Christmas and school holidays always cause a reduction in demand, and while he can plan ahead and spawn fewer mushrooms, the fluctuation still causes a major disruption. He says, “I think there is room for other suppliers in the business, but managing supply and demand is tricky and I am sure it is too expensive to rely on pre-spawned compost blocks. I am not afraid of competition, and would help anyone wanting to start up organic mushroom supply, because I would like to see more organic mushrooms in the market. In the end, at 2.5 tonnes per week, I am a tiny operator, and small conventional suppliers are in the 20–30 tonne range, but it is not an easy business.

Andrew currently grows only white and Swiss brown mushrooms, but would like to expand to include exotics such as shitake and wood ear mushrooms in the future.