

## **DOTHISTROMA NEEDLE BLIGHT: FOREST TREE NURSERY TRANSITION SCHEME (SCOTLAND)**

### Scheme background

Dothistroma Needle Blight (DNB) is now present throughout Scotland, particularly in the north and north east. It causes needle loss (leading to reduced growth rates) and has also caused extensive mortality of lodgepole pine. Corsican pine is also seriously affected and there is an increasing number of Scots pine stands infected, although until recently this species has been regarded as being more resistant to the disease.

DNB was found for the first time in three forest tree nurseries in Scotland in 2010. DNB infections were confirmed again in 2011 at the same three sites and at three more tree nurseries in Scotland. Statutory Plant Health Notices requiring the destruction of infected beds were issued in both years.

There are two fungal pathogens that cause DNB but only one, *Dothistroma septosporum*, is known to be present in GB. In Scotland this species has considerable potential for genetic exchange due to the presence of two mating types and at least 99 genotypes. The presence of the other DNB pathogen, *Dothistroma pini*, has not been confirmed in GB.

A thriving, resilient tree nursery sector is required for the long term sustainable development of forestry in Scotland. Repeated tree nursery DNB infections would have significant negative impacts on the broader forestry sector e.g. on investor confidence, woodland expansion, productive woodland area, and the potential loss of one of Scotland's only three native conifers (Scots pine). There could also be a significant threat to our iconic Caledonian pinewoods, which are designated UK priority habitats with national targets for their expansion, restoration and conservation, and which also support a variety of UK priority species such as the capercaillie, red squirrel and wild cat.

The severe and sudden impact that DNB infections have had in nurseries could lead to the closure of tree nurseries or significantly increase the risk of introducing new *D. septosporum* genotypes, or *D. pini*, from imported stock.

### Aim

A key need is to facilitate tree nurseries' adaptation to the threats now posed by DNB. Those based in areas of low inoculum pressure may be able to adapt their pine management practices accordingly, whereas others may need to shift their focus to alternative species.

Forestry Commission Scotland (FCS) has therefore decided to establish a **forest tree nursery transition scheme** which provides support for infected nurseries, conditional on their setting out and implementing a tree nursery adaptation plan designed to increase their future resilience to DNB.

## Objective

The transition scheme aims to maintain a thriving, DNB-resilient tree nursery sector in Scotland as an integral part of the sustainable development of forestry in Scotland. By aiming to minimise the biosecurity threat and current economic impact of DNB at infected Scottish tree nurseries the scheme seeks to prevent significant damage to Scotland's forests, including its iconic Caledonian pinewoods. The scheme will support a series of measures for forest nurseries affected by DNB aimed at developing their operational and business practices into ones more resilient to DNB.

## Legal basis

Payments would be made by Forestry Commission Scotland under the powers provided for in section 1 (1) of the Forestry Act 1979:

## State Aid

This scheme is notified under the block exemption rule for agricultural state aids (Commission Regulation 1857/2006). The measures under this scheme will be in accordance with either;

Article 10.1 - Aid to compensate for the costs of prevention and eradication of plant diseases. Where:

(a) The gross aid intensity will not exceed 100 %;

(b) The aid shall be granted in kind by means of subsidised services and will not involve direct payments of money to producers, or

Article 10.2 - Compensation for losses caused by disease. Where:

(a) The compensation will be calculated only in relation to:

(i) The market value of plants destroyed by the disease or pest infestation, or plants destroyed by public order as part of a compulsory public prevention or eradication programme;

(ii) Income losses due to quarantine obligations and difficulties in restocking or replanting;

(b) The gross aid intensity will not exceed 100 %;

(c) The aid will be limited to losses caused by diseases for which an outbreak has been formally recognised by public authorities.

### Avoidance of overcompensation

Forestry Commission Scotland (FCS), as the scheme's managing authority, will ensure that there is no overcompensation. To this end, FCS will ensure that all applicants are clearly identified and the activities they intend to undertake are based on fair and open market valuations.

If it becomes evident from any application that payments would result in an aid intensity exceeding eligible costs, the applicant will be required to amend the application accordingly.

Moreover, each contract concluded with the beneficiary will provide for a mechanism to reclaim aid already paid (interest included) should the beneficiary fail to comply with the contractual terms, including failure to carry out the works agreed.

FCS will ensure that no overlap occurs with other publicly funded measures to cover the same eligible costs. FCS will administer the scheme on a single IT system, therefore the risk of dual funding will be minimised.

### Aid intensity

Activities pursuant to Article 10.1 of Commission Regulation 1857/2006 will have an aid intensity of up to 100% of eligible expenditure. FCS gives its assurance that in no case would the aid intensity exceed 100%.

Activities pursuant to Article 10.2 Commission Regulation 1857/2006 will have an aid intensity of up to 100% of eligible expenditure. FCS gives its assurance that in no case would the aid intensity exceed 100%.

### Aid cumulation

FCS confirms that the aid under the present scheme will not be cumulated with any aid received from other public resources to cover the same eligible costs.

### Control of costs

- The scheme authority will cap total payments to any nursery for all activities at £100,000 or the total market value of the destroyed plants, whichever is the lesser, in each of the two qualifying years that the scheme will operate.
- The resilience plan will be paid at a standard cost of £1500/plan. The costs of the plan will be met by means of a subsidised service provided by FCS and will not involve direct payments to producers.
- The costs associated with the destruction of any plants will be at a fair market price as determined by a loss adjuster and in no circumstances will exceed 100% of the market value of the plants.

## Eligibility

The scheme will be open to all private tree nurseries in Scotland selling trees to the forestry sector and which have been directly impacted by DNB infections in 2011/12 and, at FCS's discretion, 2012/13. Once the Notice has been served, FCS will consider applications for support.

## Duration

The scheme will be available in financial year 2011/2012 and, at FCS's discretion payment will also be available in 2012/13 subject to actions taken in 2011/12 to start resilience-building.

No further payments will be made after 2012/13, and the impact from further DNB infections will thereafter fall to affected tree nurseries.

## Payment

Support will only be available for eligible activities undertaken since Plant Health Notices for DNB were served on qualifying tree nurseries in 2011 (documentary proof of such expenditure will be required).

## Eligible activities for which aid may be paid

The costs of the necessary activities to implement the scheme will be borne by FCS. The scheme comprises two parts.

### **Part 1: Measures in accordance with Article 10.1**

As part of the scheme, qualifying tree nurseries will be required to set out and contractually agree to implement an agreed DNB **resilience action plan**. Approval of the plan will be at FCS's reasonable discretion. Support for the production of an approved resilience action plan will be at a **flat rate of £1,500**.

The aim of the tree nursery resilience action plan is to identify the current and potential future threats presented by DNB to the nursery and the adaptation measures required to address them.

The plan will first need to assess tree species composition within 550m of the nursery and the known distribution of DNB within 5km. This will help the nursery decide if a) it wishes to continue with pine production and b) if so, what external and internal measures would be required to reduce the level of risk to acceptable limits.

The plan will then set out what changes in practice the nursery will need to make, including as appropriate:

- Estimation of the costs associated with the destruction of symptomatic plants at tree nurseries.

- Actions to reduce DNB pressures within 550m of the nursery.
- DNB disease surveillance and monitoring.
- Policy and practice for stock imported from elsewhere in GB or overseas (nurseries will be required to inform FC PHS of any such imports so that they can be tested by trained staff).
- Changes to growing practices to either avoid DNB or to reduce risks to acceptable levels for the business e.g.
  - Identify changes to any chemical or physical treatments of plants to minimise DNB infection and avoid masking infections.
  - Growing, handling and infrastructure improvements at the nursery to improve disease management and reduce the risk of future infections.
  - Biosecurity enhancements within the nursery.
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- Biosecurity enhancements within the nursery.

## **Part 2: Support in accordance with Article 10.2**

Upon approval of the resilience plan the scheme will consider applications for specific activities associated with the destruction of plants:

These can include:

- The costs associated with the destruction of symptomatic plants at tree nurseries.
- The market value of the plants destroyed under Notice for DNB.

The total gross aid intensity under articles 10.1 and 10.2 (combined) will not exceed 100 % of the market value of trees destroyed in the reference year

### How to apply

Eligible nurseries should contact Hugh Clayden (hugh.clayden@forestry.gsi.gov.uk) at Forestry Commission Scotland, who will issue a scheme application.