

# Technical Report

## The Economic Impact of British Columbia's Forest Sector

APRIL 2026



BC COUNCIL  
OF FOREST  
INDUSTRIES

## Acknowledgements

The following COFI staff prepared this report:

- Kurt Niquidet, Ph.D., Vice President and Chief Economist
- Kyle Sia-Chan, MBA, Senior Advisor, Economics & Trade

COFI would like to thank the Economics and Trade Branch of the B.C. Ministry of Forests for their collaboration and partnership on this project. Any errors or omissions remain the sole responsibility of the authors.

COFI also acknowledges the Industry Accounts Division at Statistics Canada for their assistance in identifying and accessing data sources.

## About the Study

This study is intended to inform policymakers, Indigenous governments, communities, and the public about the scale and regional importance of British Columbia's forest sector.

The study was conducted by the BC Council of Forest Industries (COFI), which represents lumber, pulp and paper, and manufactured wood producers across the province. The lead author is Kurt Niquidet, Chief Economist at COFI. Kurt holds a Ph.D. in Resource Economics from the University of Groningen and is an Adjunct Professor in the Faculties of Forestry and Land and Food Systems at the University of British Columbia.

The analysis draws primarily on Statistics Canada data and measures the economic impacts associated with the forest sector's ongoing operations, employment, and capital spending across forestry and logging, wood product manufacturing, and pulp and paper manufacturing. The results reflect the sector's economic contribution in 2024.

To ensure the accuracy and robustness of the findings, COFI engaged BDO Canada LLP (BDO) to conduct an independent review of the study's methodology and calculations. A summary of their conclusions is provided below.

April 1, 2026

Dr. Kurt Niquidet  
Vice President  
BC Council of Forest Industries

## RE: ECONOMIC MODEL REVIEW FOR BC COUNCIL OF FOREST INDUSTRIES (COFI)

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Dear Dr. Kurt Niquidet:

This Letter is addressed to BC Council of Forest Industries (COFI) to confirm completion of our agreed-upon scope of work in connection with the Economic Impact Assessment Review and Validation (the “Project”). BDO confirms that we have completed a review of the Project’s economic model (the “Model”), which was prepared by COFI, in collaboration with the Economics and Trade Branch of the Government of British Columbia, in relation to the Project.

The procedures performed as part of BDO’s review were those agreed with COFI for the purposes of this Project and included the following:

- A review of the Model’s methodology, including logical integrity and internal consistency of the approach, calculations, and linkages between worksheets and outputs.
- A review to assess whether the Model achieves its stated objective of estimating the economic impacts of the forest sector, based on the economic assumptions and inputs included within the Model.
- A review of key Model’s methodology, including checks of calculation accuracy and reasonableness, to support consistency with the broader economic framework of British Columbia.
- A review of the consistency of the Model within the Project’s modelling and reporting documentation provided to us, including checks that the supporting reporting appropriately reflects and is consistent with the Model outputs.
- A review of the logic of the Model to assess whether it reflects the sensitivity scenarios and produced outputs aligned with the underlying assumptions and inputs.

In addition, COFI’s Directors and Management are solely responsible for the preparation of the Model. COFI is also responsible for determining whether the scope of BDO’s work is sufficient for its purposes. Our review was performed using the version of the Model received on October 15<sup>th</sup>, 2025, and was based on the Model and information provided to us by COFI, which we assumed to be reliable and, in all material respects, accurate and complete. Accordingly, we do not express any opinion, attestation, or other form of assurance with respect to our Services.

During the course of BDO’s work, we identified certain matters requiring clarification or refinement to enhance the Model’s integrity. These matters were discussed with COFI and addressed through an



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iterative review process. Based on the procedures performed on the final version of the Model, and in all material respects, we are satisfied that the Model's structure and methodology are accurate, the Model is operating reliably for its intended purpose, and the Model outputs are consistent with the inputs and assumptions applied. We also note that the supporting reporting provided to us appropriately reflects the Model results, in all material respects.

Yours truly,

*BDO Canada LLP*

Kelly Campbell, MBA  
Partner, Management Consulting  
BDO Canada LLP

Hillary Landrigan  
Manager, Management Consulting  
BDO Canada LLP

# Report Summary

Amid ongoing market volatility, trade uncertainty, and structural change in the forest sector, this study quantifies the economic footprint of forestry in British Columbia (B.C.) in 2024. Using Statistics Canada's Interprovincial Input-Output model, the analysis provides a comprehensive, evidence-based assessment of the sector's contributions to employment, labour income, government revenues, and regional economies across the province.

Forestry remains foundational to B.C., underpinning economic activity in every region. The study finds that in 2024, forest sector operations generated the following levels of economic activity:

- Approximately 95,000 total jobs<sup>1</sup> spread throughout the province, with over one quarter (25,000) of the jobs located in the Lower Mainland and Southwest Region.
- \$12.8 billion in value-added activity (i.e., gross domestic product or GDP) with \$5.7 billion derived from forestry, logging, and support activities; \$3.8 billion from wood products manufacturing; and \$3.2 billion from pulp and paper manufacturing.
- Approximately \$9.0 billion in labour income, which includes wages and salaries as well as employer social contributions such as pension plans.
- \$3.4 billion in government revenue with \$1.8 billion going to the provincial government, \$1.5 billion to the federal government, and \$201 million to municipal governments.

In addition, between 2015 and 2024, approximately \$14.4 billion was invested in B.C. by the forest sector in capital, repair, and maintenance expenditures.

Looking ahead, sustaining these economic contributions will depend on the forest sector's competitiveness, including the ability to manage rising costs and uncertainty related to the forest land base; factors that increasingly influence investment decisions and harvest levels.

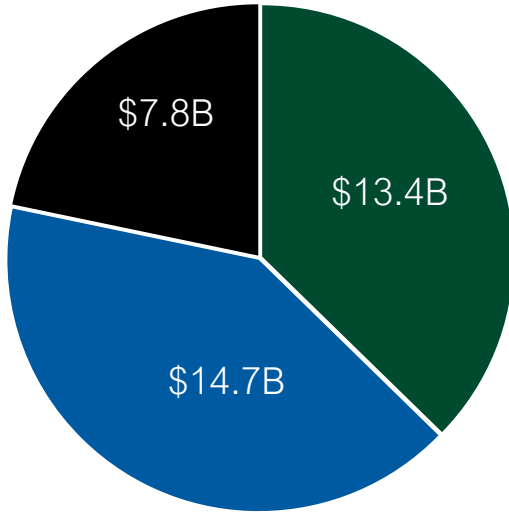
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<sup>1</sup> Includes Direct, Indirect and Induced Jobs

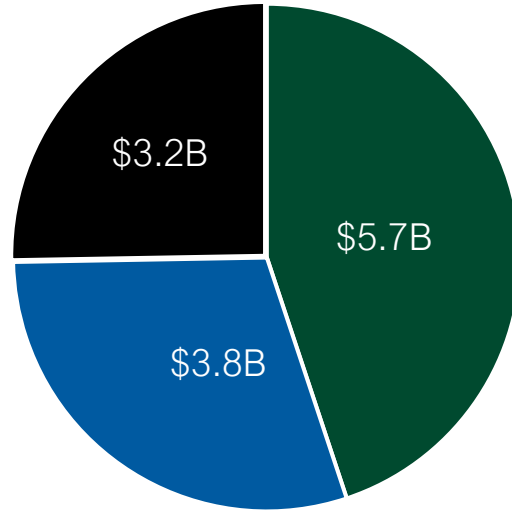
# Summary of Forestry's Economic Impact in BC (2024)

● Forestry and Logging      ● Wood Products Manufacturing      ● Pulp & Paper Manufacturing

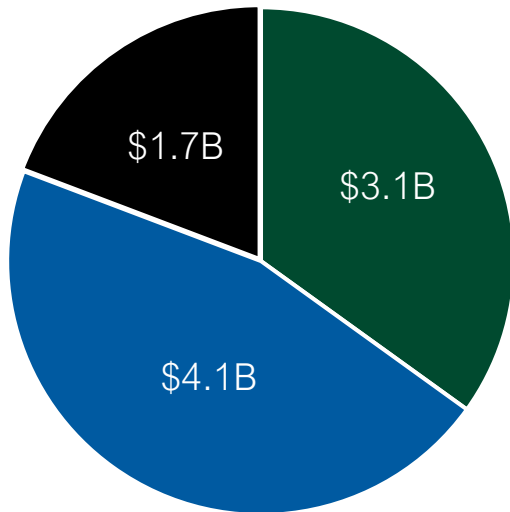
Output - \$36.0 Billion



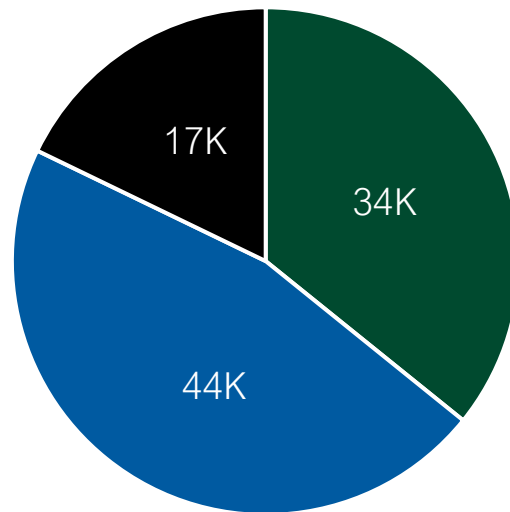
GDP - \$12.8 Billion



Labour Income - \$9.0 Billion

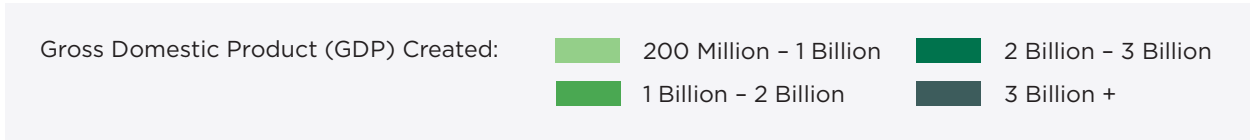
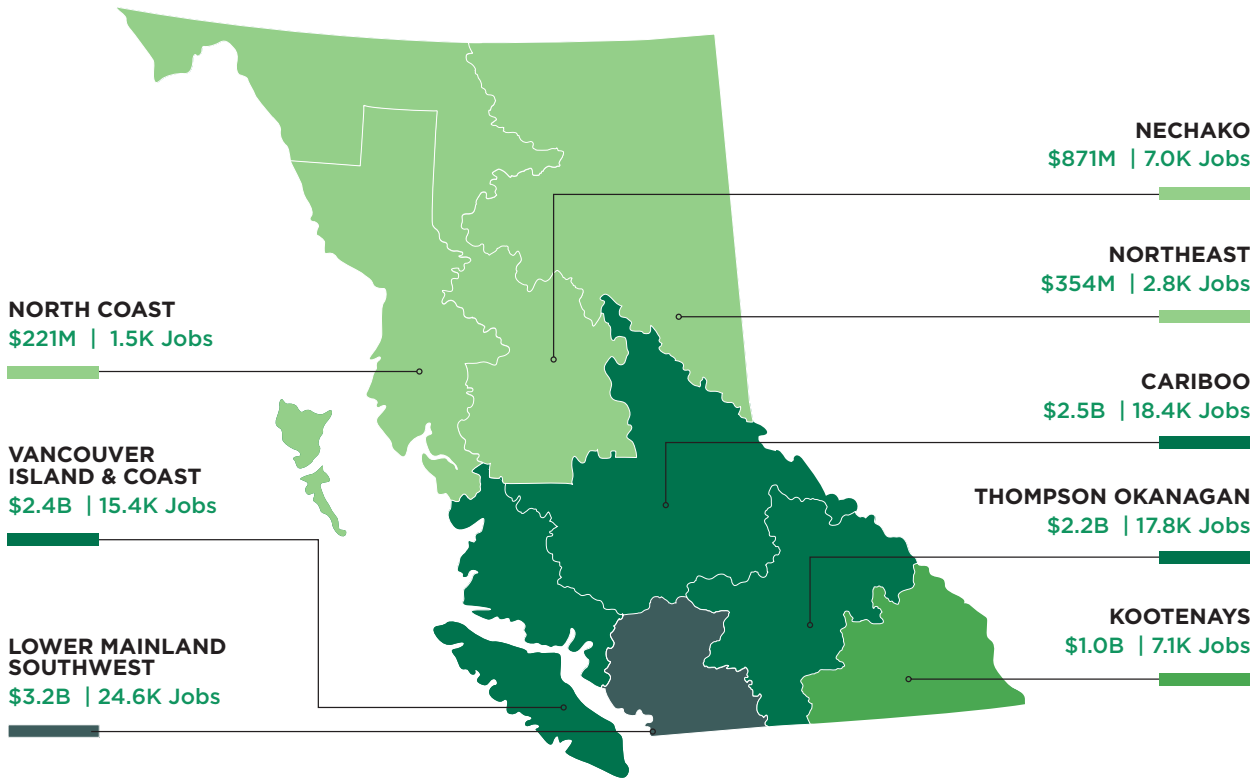


Employment - 95K Jobs



# Summary of Forestry's Regional Economic Benefits

## Economic Regions: GDP & Jobs Supported

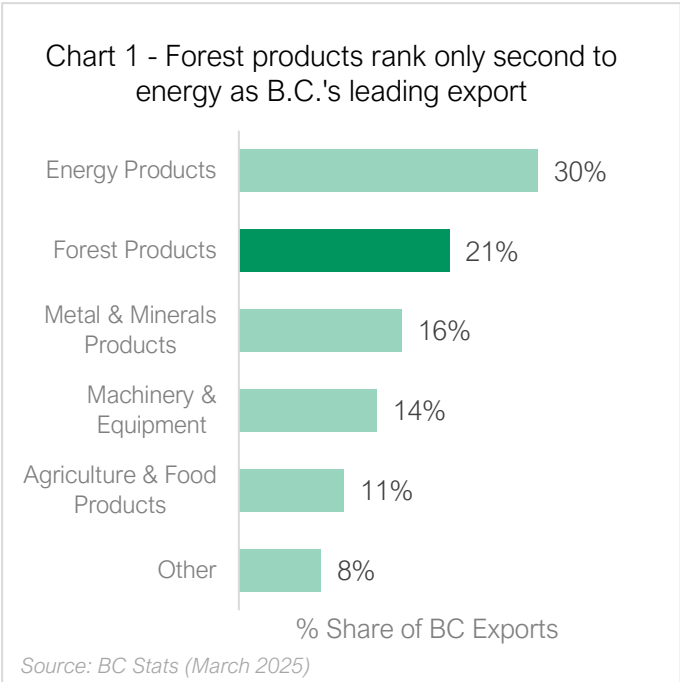


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# Introduction

The forest industry forms an important part of British Columbia’s (B.C.) economic base. Forestry activities contribute to regional economic development and generate economic benefits for communities across the province. While B.C.’s economy has evolved and become more diversified over time, the forest sector remains foundational—particularly in regional and rural communities. In 2024, forest products remained B.C.’s second



largest export category, accounting for 21% of all merchandise exports by value (Chart 1). Long-term global demand for forest products is projected to be strong, supported by traditional markets such as the United States housing sector, as well as emerging opportunities in mass timber and the circular bioeconomy.<sup>2</sup> However, the extent to which British Columbia is able to participate in this global growth—and translate it into sustained domestic economic benefits—will depend on the competitiveness of its forest sector. Analysis presented at the 2025 COFI convention, including the *Competitiveness & Sustainability in the B.C. Forest Sector study*,<sup>3</sup> highlighted how rising costs and uncertainty on the forest land base are weighing on the sector’s investment climate. These dynamics may limit the industry’s ability to attract capital, even in the presence of favourable long-term demand. This context underscores the importance of understanding the forest sector’s recent economic footprint, which is the focus of this study.

<sup>2</sup> [Global forest sector outlook 2050: Assessing future demand and sources of timber for a sustainable economy \(fao.org\)](https://www.fao.org/publications/02/04/default.asp?lang=en&skn=311022)

<sup>3</sup> [Competitiveness & Sustainability in the B.C. Forest Sector \(2025\)](#)

The benefits generated by forest sector activity do not just reside with those who are directly involved in the sector. Most of the inputs used by the forest industry are sourced locally, meaning that forest sector activity also creates spinoff effects by generating demand for other B.C. goods and services. This economic activity, in turn, generates tax revenues for the government that fund public services such as health, education, and infrastructure. The purpose of the study was to assess and quantify the total economic footprint of the forest sector on the provincial economy in 2024.<sup>4</sup>

Statistics Canada's Interprovincial Input-Output model was used to obtain the direct, indirect, and induced effects of forest sector operations for four key economic metrics:

1. Employment
2. Output
3. Value added (Gross Domestic Product -- GDP)
4. Labour income

These economic metrics are presented at the provincial level and regionalized across B.C.'s eight Economic Development Regions. The study also quantifies tax and other government revenues that can be attributed to forest sector activity. Estimates are provided for all levels of government: provincial, federal, and municipal. In addition to forest sector operations, the economic footprint associated with capital expenditures in the forest sector is presented. The remaining sections of the report are structured as follows:

**Section 1** – Province-wide Economic Impacts

**Section 2** – Regional Economic Impacts

**Section 3** – Government Revenues

**Section 4** – Capital Investment

An independent firm, BDO Canada LLP (BDO), was engaged to review the methodology and calculations conducted for this study. A brief description of this methodology can be found in the main body of the report. Further details can be found in the **Appendices**.

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<sup>4</sup> The economic impacts presented in the report are based on data availability as of March 2024. The estimates could change in the future due to data revisions from Statistics Canada or other sources.

# Section One

## Province-Wide Economic Impacts

## 1.1 The Forest Sector

For the purposes of this study, the forest sector was defined using Statistics Canada's Input-Output Industry Classification (IOIC). Seven sub-sectors make up the broader forest sector.<sup>5</sup> Below is a description of each of the sub-sectors along with their associated IOIC classification code.

- **Forestry and Logging** (BS113000) – This subsector is comprised of establishments that are primarily engaged in growing and harvesting timber. It includes businesses that develop and sell standing timber, forest nurseries, and logging companies.
- **Support Activities for Forestry** (BS115300) – This subsector includes service companies that support forestry and logging operations. Examples include timber cruising and tree planting activities.
- **Sawmills and Wood Preservation** (BS321100) – Includes primarily manufacturing facilities that produce dimension lumber, shakes and shingles, as well as treated wood facilities.
- **Veneer, Plywood and Engineered Wood Product Manufacturing** (BS321200) – This subsector includes firms that manufacture hardwood and softwood veneer and plywood. It also includes companies that produce engineered wood products such as oriented strand board, finger-jointed lumber, laminated veneer lumber, and mass timber.
- **Other Wood Product Manufacturing** (BS321900) – Firms in this subsector produce products such as millwork (including mouldings and softwood flooring), wooden boxes, pallets, prefabricated buildings, and wood pellets.
- **Pulp, Paper, and Paperboard Mills** (BS322100) – This subsector includes establishments that produce market pulp using mechanical or chemical processes, as well as paper mills.
- **Converted Paper Product Manufacturing** (BS322200) – Firms that manufacture paper products from purchased paper and paperboard.

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<sup>5</sup> Electricity generation from biomass is not included in the analysis due to data availability.

While estimates are available for each economic metric for all the sub-sectors listed above, for ease of exposition, they are aggregated into three groups, as described in **Table 1**.

Table 1. Forest Sector Groupings

Forestry, Logging and Support	Wood Products Manufacturing	Pulp and Paper Manufacturing
Forestry and Logging	Sawmills and Wood Preservation	Pulp, Paper, and Paperboard Mills
Support Activities for Forestry	Veneer, Plywood, and Engineered Wood Product Manufacturing	Converted Paper Product Manufacturing
	Other Wood Product Manufacturing	

## 1.2 Economic Metrics

The following metrics are standard measures used in economic impact analysis and are presented to ensure comparability across industries and regions. The input-output analysis yields a rich set of data that captures the forest sector's direct economic footprint and its links with other sectors. To quantify this footprint, four key indicators or metrics are provided. Below is a brief description of each metric:

- Output** – This measure captures the total value of goods and services produced by the sector. Effectively, it is the sales revenue obtained by the sector.<sup>6</sup> When aggregating across the supply chain, it includes some double counting as the value of intermediate goods is embedded in the metric. For example, consider a sawmill that produces lumber and sells it for \$300/m<sup>3</sup>. To produce the lumber, the sawmill needed to purchase and consume an intermediate product (logs) for \$100/m<sup>3</sup>, which was the output of a logging company. The aggregate output of the sawmilling and logging sector is \$400/m<sup>3</sup>, yet the value of the logs was already reflected in the output value of the sawmill.
- Value-added or Gross Domestic Product (GDP)** – GDP avoids the issue of double counting as it only includes the value added created along the supply chain. The value added for a given production stage is the final product's value less that of

<sup>6</sup> Technically, it also includes changes in the value of inventory.

intermediate products used as inputs in the production process. In the simple example given above, the value added of the sawmill is \$200/m<sup>3</sup> (\$300/m<sup>3</sup> minus \$100/m<sup>3</sup>). Summing value added across the supply chain yields the forest sector's contribution to GDP.<sup>7</sup>

- **Labour Income** – The value added generated through production is distributed to factors of production such as labour and capital. Labour income represents labour's share of value added. It includes wages and salaries as well as employers' social contributions such as pension plans and employment insurance.
- **Employment** – The estimate of the total number of jobs covers two main categories: employee jobs and self-employed jobs. The total number of jobs includes full-time, part-time, temporary, and self-employed jobs. It does not consider the number of hours worked per employee.

For each of the four metrics outlined above, a direct, indirect, and induced impact is calculated. The differences between the various impacts are as follows:

- **Direct impact** – Measures the jobs or economic activity directly associated with the forest industry (e.g., working in forest management, logging, or manufacturing).
- **Indirect impact** – Measures the economic impacts associated with other sectors that are suppliers to the forest industry (e.g., transportation sector).
- **Induced impact** – Measures the economic effects created by the expenditure of income generated by direct and indirect forestry-related activities.

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<sup>7</sup> Note that for the overall economy, summing up value added across all sectors is equivalent to the value of final (finished) products produced within a region.

## Multipliers<sup>8</sup>

Multipliers provide a simple way of measuring the spinoff effects associated with a sector. They illustrate how economic activity in one industry generates additional economic activity elsewhere in the economy. For example, the creation of one job in the forest sector can have positive ripple effects in other sectors. There are two commonly referenced multipliers:

1. Type I = simple multiplier (direct + indirect) / direct impacts
2. Type II = total multiplier (direct + indirect + induced) / direct impact

The type I employment multiplier reveals the indirect impact on non-forestry jobs of one direct job in the forest industry. As a simple illustration, if one new job at a sawmill generates an additional job in trucking, the Type I multiplier would be 2. The type II multiplier captures the total effect, including induced impacts generated by household spending.

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<sup>8</sup> To avoid double counting, multiplier estimates contained in this study are based on a delinked forest sector supply chain.

## 1.3 Results by Sub-Sector

Having introduced the sub-sectors within the forest industry and the metrics and concepts associated with input-output analysis, this section summarizes the total economic impacts for each metric and subsector. Included are the type I and type II job multipliers implied from the results.

Table 2. Output of B.C. Forest Sector, 2024 CAD Billions (B)

Sector	Direct	Indirect	Induced	Total Impact
Forestry, Logging & Support	\$8.7B	\$3.0B	\$1.8B	\$13.4B
Wood Products Manufacturing	\$11.2B	\$2.0B	\$1.5B	\$14.7B
Pulp & Paper Manufacturing	\$4.9B	\$2.0B	\$0.9B	\$7.8B
<b>Total Forest Sector</b>	<b>\$24.9B</b>	<b>\$7.0B</b>	<b>\$4.1B</b>	<b>\$36.0B</b>

Table 3. GDP of B.C. Forest Sector, 2024 CAD Billions (B)

Sector	Direct	Indirect	Induced	Total Impact
Forestry, Logging & Support	\$3.5B	\$1.2B	\$1.0B	\$5.7B
Wood Products Manufacturing	\$2.4B	\$0.7B	\$0.6B	\$3.8B
Pulp & Paper Manufacturing	\$1.3B	\$1.3B	\$0.7B	\$3.2B
<b>Total Forest Sector</b>	<b>\$7.2B</b>	<b>\$3.2B</b>	<b>\$2.3B</b>	<b>\$12.8B</b>

Table 4. Labour Income B.C. Forest Sector, 2024 CAD Billions (B)

Sector	Direct	Indirect	Induced	Total Impact
Forestry, Logging & Support	\$1.9B	\$0.8B	\$0.4B	\$3.1B
Wood Products Manufacturing	\$2.6B	\$0.9B	\$0.6B	\$4.1B
Pulp & Paper Manufacturing	\$0.9B	\$0.6B	\$0.2B	\$1.7B
<b>Total Forest Sector</b>	<b>\$5.3B</b>	<b>\$2.4B</b>	<b>\$1.2B</b>	<b>\$9.0B</b>

Table 5. Employment of B.C. Forest Sector (number of jobs), 2024

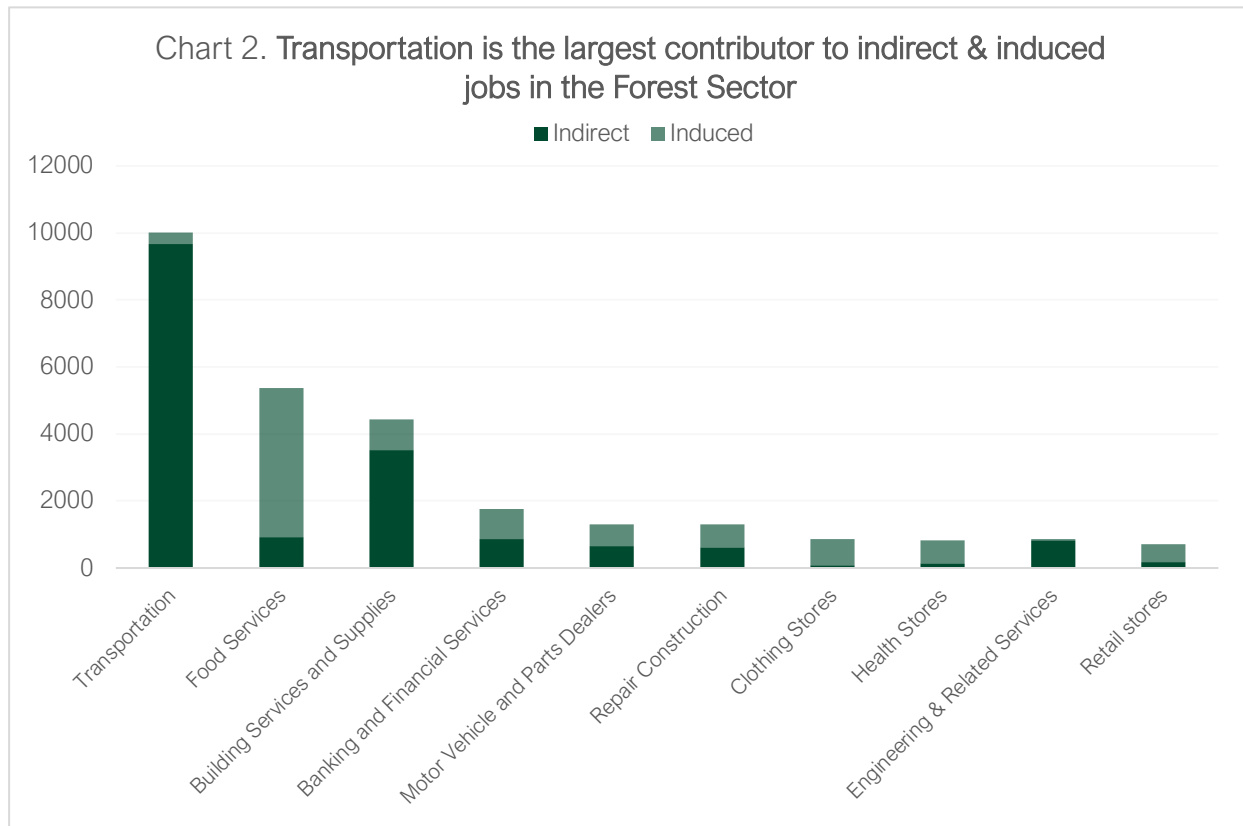
Sector	Direct	Indirect	Induced	Total Impact
Forestry, Logging & Support	17,045	9,780	7,031	33,856
Wood Products Manufacturing	22,985	11,490	9,371	43,846
Pulp & Paper Manufacturing	6,085	6,923	3,855	16,863
<b>Total Forest Sector</b>	<b>46,115</b>	<b>28,193</b>	<b>20,257</b>	<b>94,565</b>

Table 6. Type I and Type II Employment Multipliers, 2024

Sector	Type I	Type II
Forestry, Logging & Support	1.6	2.0
Wood Products Manufacturing	1.5	1.9
Pulp & Paper Manufacturing	2.1	2.8
<b>Total Forest Sector</b>	<b>1.6</b>	<b>2.1</b>

## 1.4 Forest Sector Spinoff Effects

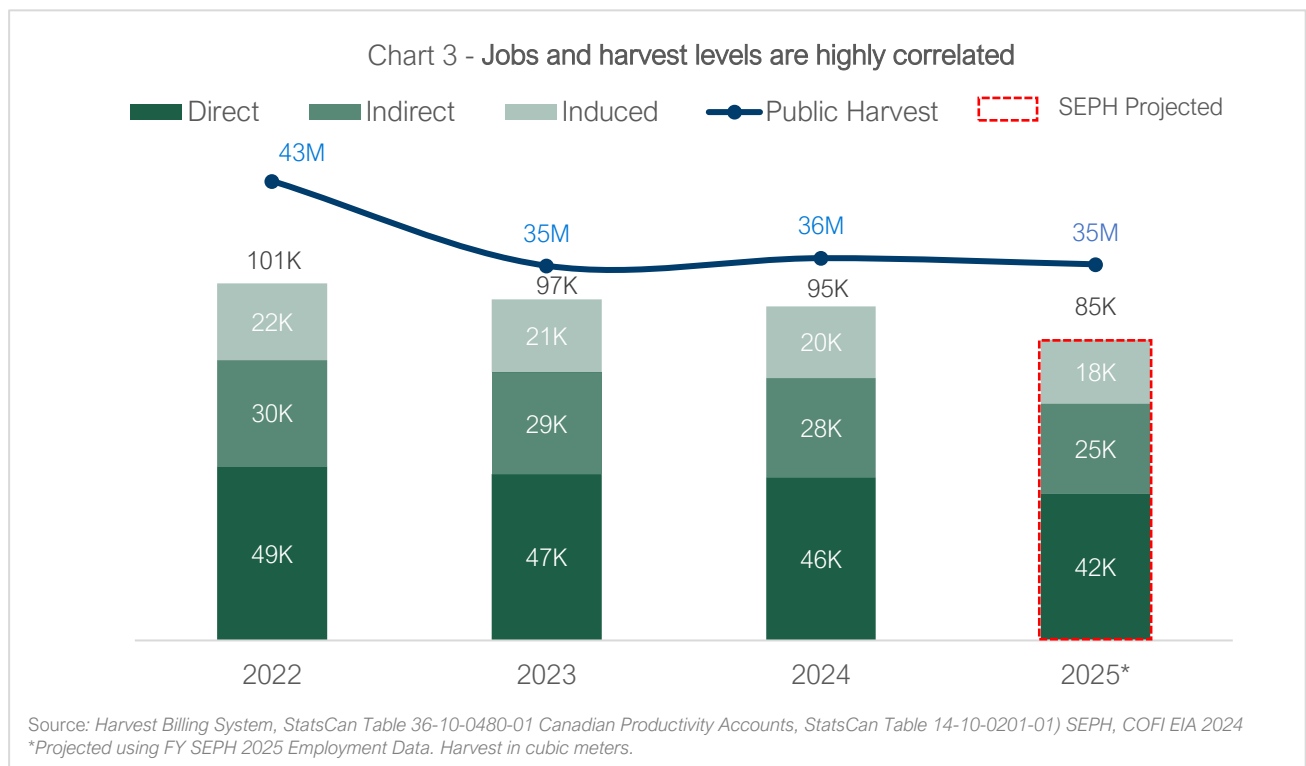
In 2024, there were 46,115 direct forestry jobs, which created an additional 48,450 indirect and induced jobs (see Table 5). In this section, the ripple or spinoff effects of forest sector activity (i.e., indirect and induced impacts) are unpacked to highlight the sectors that are most affected by the forest industry. Of the indirect and induced jobs, the top 10 impacted sectors and the jobs associated with them are shown in Chart 2.



# 1.5 Jobs & Economics

## Jobs & Harvest

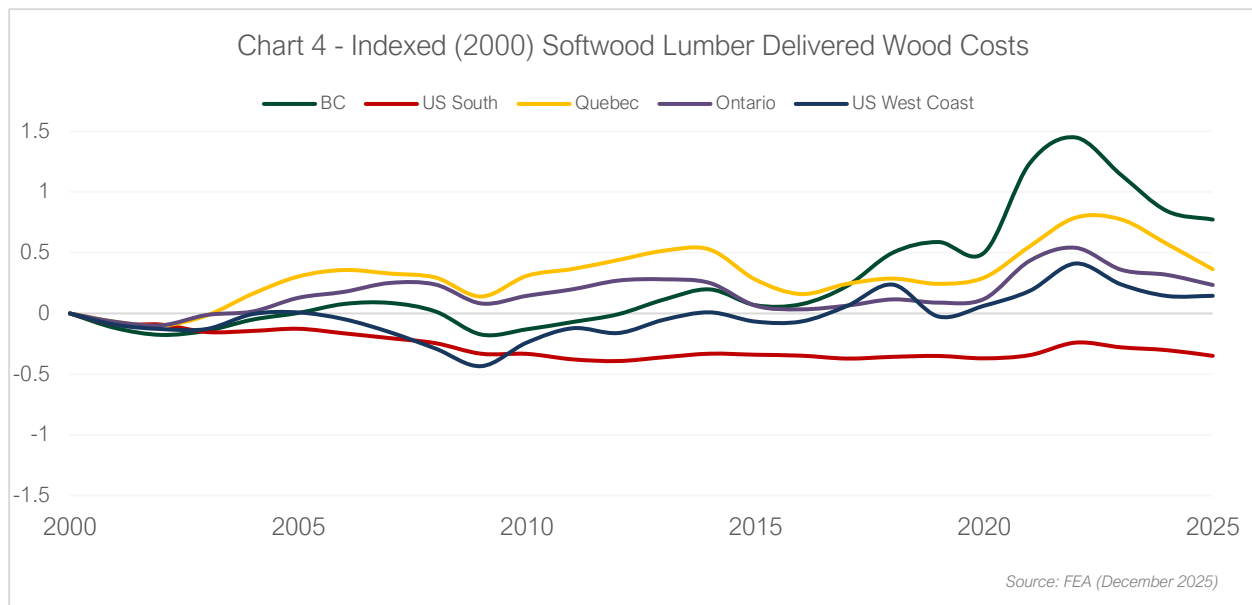
Total jobs in forestry are correlated with harvest levels in B.C (Chart 3). Since 2022, harvest levels in B.C. have declined owing to a combination of factors, including changing land-use policies, natural disturbances such as wildfires and pests, and the escalating cost of operations, among other things. Utilizing data sourced from the Survey of Employment, Payrolls, and Hours (SEPH), a dataset known for its timeliness albeit reduced employee coverage,<sup>9</sup> it is projected that job losses in 2025 in the forest sector could reach approximately 10,000.



<sup>9</sup> For a good description of the multiple employment estimates see: [https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/forest-industry-economics/economic-state/multiple\\_employment\\_estimates-2025.pdf](https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/forest-industry-economics/economic-state/multiple_employment_estimates-2025.pdf)

## Cost Competitiveness

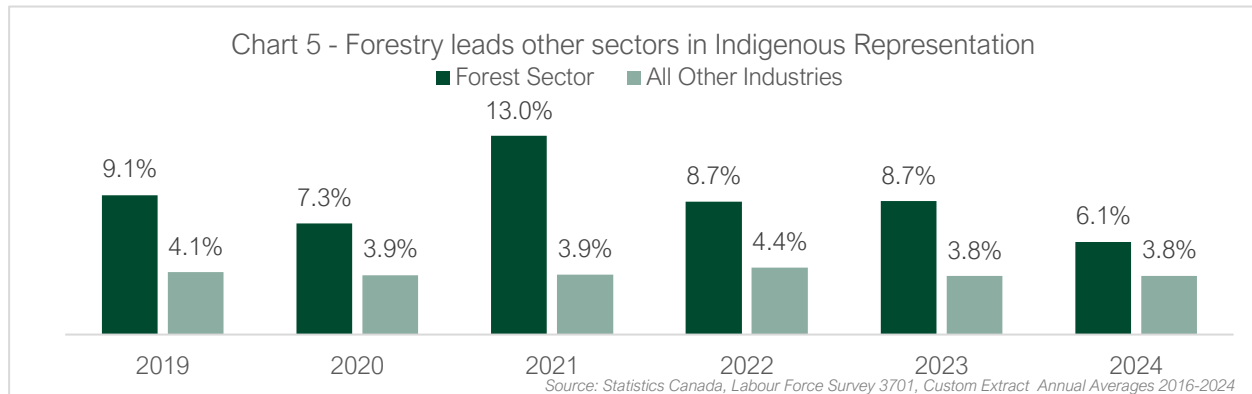
Cost competitiveness is critical to sustaining harvest levels and maintaining the forest sector's contribution to local communities. In British Columbia, growing uncertainty around the forest land base and competing land-use priorities has increased operational complexity and driven higher delivered timber costs. Indexed cost data show that these costs have risen faster in B.C. than in many competing jurisdictions, weakening the province's relative competitiveness (Chart 4).<sup>10</sup> Over time, this cost pressure influences investment decisions and reduces the economic benefits generated in forest-dependent communities.



<sup>10</sup> The chart indexes each region's delivered wood costs to 2000 = 0 as the baseline. Values above zero indicate costs have increased relative to 2000 (e.g., +0.50 = 50% higher), while values below zero indicate costs have declined (e.g., -0.35 = 35% lower).

## Indigenous Labour Participation<sup>11</sup>

Indigenous participation reflects both the geographic overlap between forestry activity and Indigenous communities, as well as growing Indigenous involvement across the forest value chain. Indigenous labour participation (Chart 5) in the forest sector has been trending upwards and exhibits nearly twice the representation of Indigenous employment compared to other sectors.



## Forest Sector Compensation

One noteworthy aspect of those working in the B.C. forest sector is that wages are approximately 50% higher than the average earnings in British Columbia. Salaries have consistently increased since 2020, rising from around \$96,000 to just over \$116,000 per year in 2024 (Chart 6). The significance of well-paying jobs in B.C., particularly in regional communities, cannot be understated, as they contribute to maintaining a high standard of living. In rural areas, where such jobs are scarce compared to urban centers, the resource sector is even more crucial for the province.



<sup>11</sup> Includes persons who reported being an Indigenous person, that is, First Nations, Métis or Inuk (Inuit), or those who reported more than one identity. Excluded from the survey's coverage are persons living on reserves and other Indigenous settlements in the provinces & territories.

# Section Two

## Economic Impact by Region

## 2.1 B.C.'s Economic Development Regions

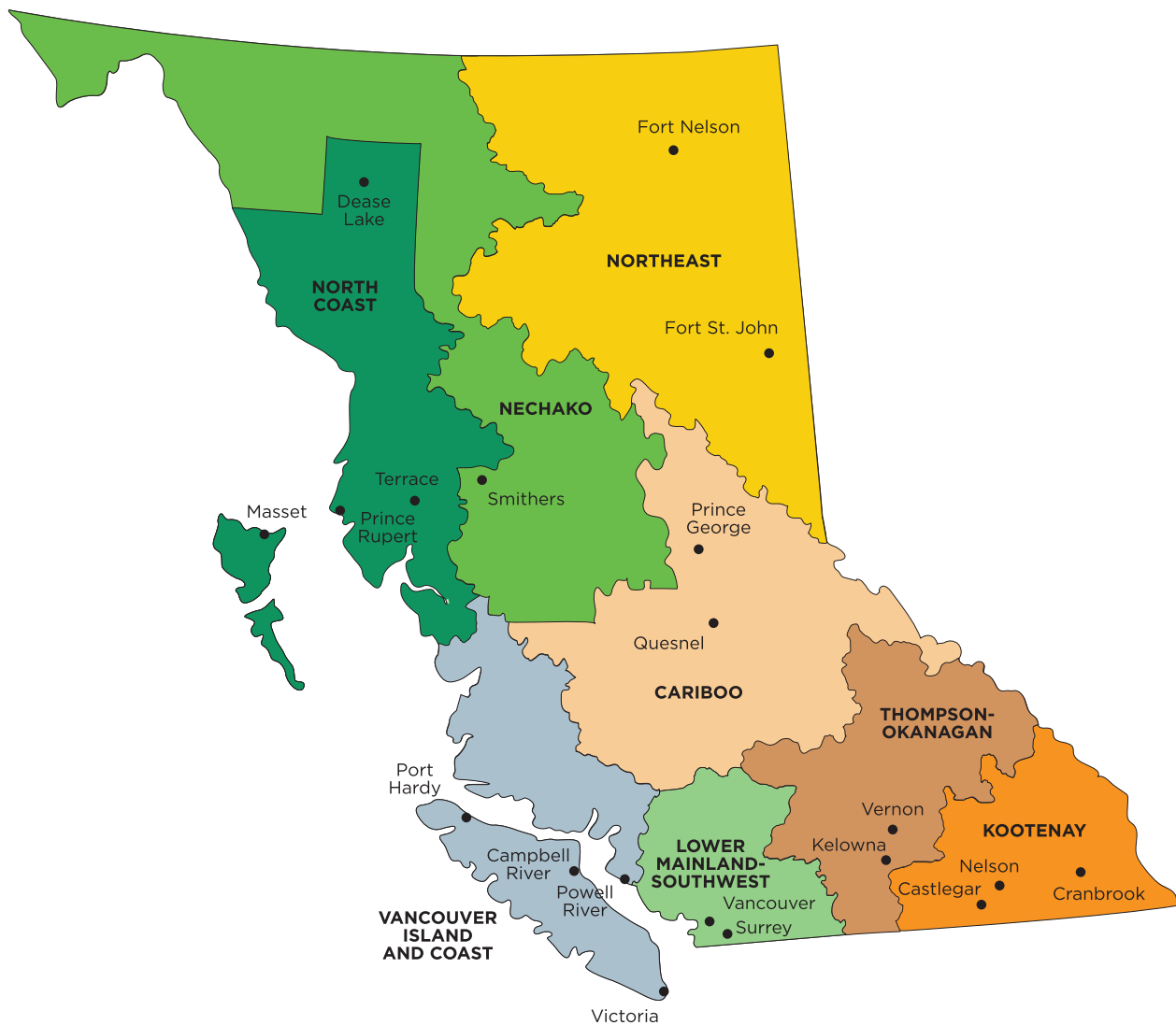
There are eight Economic Regions within British Columbia that are defined based on spatial aggregations of various census boundaries.<sup>12</sup> Economic activity in each of these is influenced by the forest sector. The regions include:

- **Vancouver Island/Coast** – Includes all of Vancouver Island and the Gulf Islands. It encapsulates major urban centres, such as Victoria and Nanaimo, and contains some areas on the Mainland in the Central Coast and around Powell River.
- **Mainland/Southwest** – Consists of the Greater Vancouver area, the Fraser Valley, and the Sunshine Coast. The cities and surrounding areas around Whistler, Pemberton, and Lillooet are also part of this region.
- **Thompson/Okanagan** – The most populated region in the Interior, including Kelowna and Kamloops and extends around Princeton in the west. It is bound by the Alberta border in the east and the Washington state border in the south.
- **Kootenay** – The Kootenay economic region is situated in the southeastern corner of B.C. It includes cities such as Cranbrook, Castlegar, and Nelson.
- **Cariboo** – A major forestry region including Prince George, Williams Lake, and Quesnel. It includes the Cariboo-Chilcotin plateau and extends east to the Rockies.
- **North Coast** – The North Coast region covers the northwestern coastal areas including Prince Rupert, Terrace, and Kitimat. It also includes the islands of Haida Gwaii.
- **Nechako** – A large geographic region that includes the central Lakes District and is separated from the northeastern section of the province by the Rocky Mountain Trench. It includes towns such as Vanderhoof, Burns Lake, and Smithers.
- **Northeast** – This region is part of the Peace River Basin. It is separated from the northwestern part of the province by the Rocky Mountain Trench. The main centres within the Northeast region are Fort St. John, Dawson Creek, and Fort Nelson.

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<sup>12</sup> [Census Boundaries - Province of British Columbia \(gov.bc.ca\)](http://www.gov.bc.ca)

Figure 1. There are eight Economic Development Regions within British Columbia.



## 2.2 Regionalization

To uncover the economic footprint of the forest sector in each of the regions, the economic impact results in Section One were regionalized by developing a location quotient based on regional labour force data. The location quotient is used to allocate economic impact results across the regions.

The regionalization of the economic metrics across the eight Economic Development Regions was achieved in the following four steps:

1. Total “experienced” labour force data for each Economic Development Region and four-digit North American Industry Classification System (NAICS) code was extracted. This data was obtained from Statistics Canada as a custom tabulation based on the 2021 census. An experienced labour force provides a more robust measure that is less influenced by short-term fluctuations or seasonal variation. These labour force estimates were based on the place of work, rather than the place of residence as it was believed to capture the distribution of economic impacts better.
2. The four-digit NAICS classification of the total labour force data by region was then mapped with the Input-Output Industry Classification (IOIC), which was the classification used for the economic impacts estimated through Statistics Canada’s Input-Output model. The mapping was performed based on supplemental data from Statistics Canada on wages and salaries, total number of jobs and total compensation for B.C. This exercise yielded an estimate of the experienced labour force in B.C. by IOIC.
3. Employment ratios were then computed for each industry and region. The employment ratio is the share of the experienced labour in each region as a share of the entire B.C. experienced labour force for each industry.
4. Employment ratios were then applied to each corresponding industry’s direct, indirect, and induced impacts, resulting in region-specific impacts by industry.

## 2.3 Regional Results

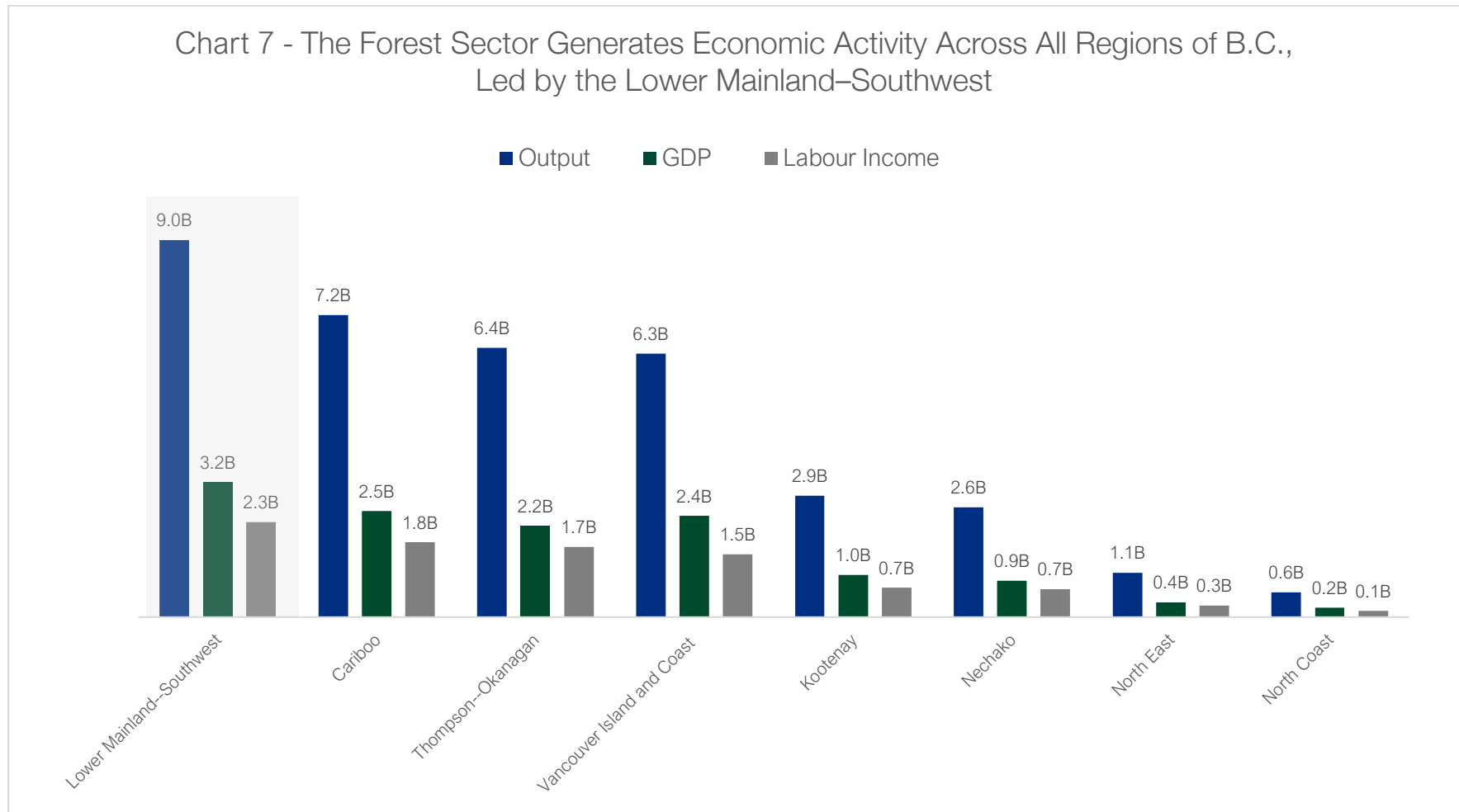


Chart 8 - Direct forestry jobs often lead to just as many indirect and induced jobs

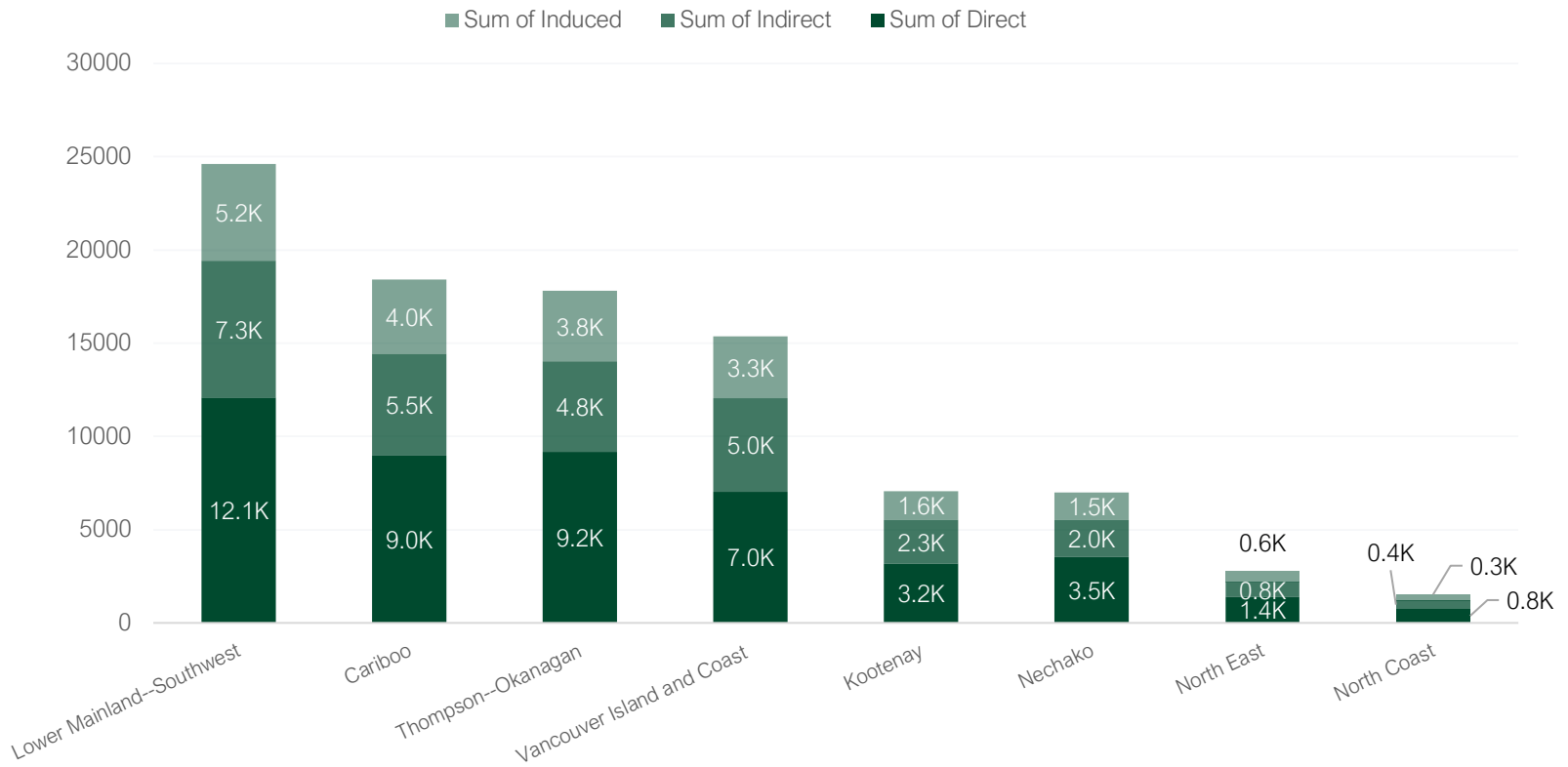
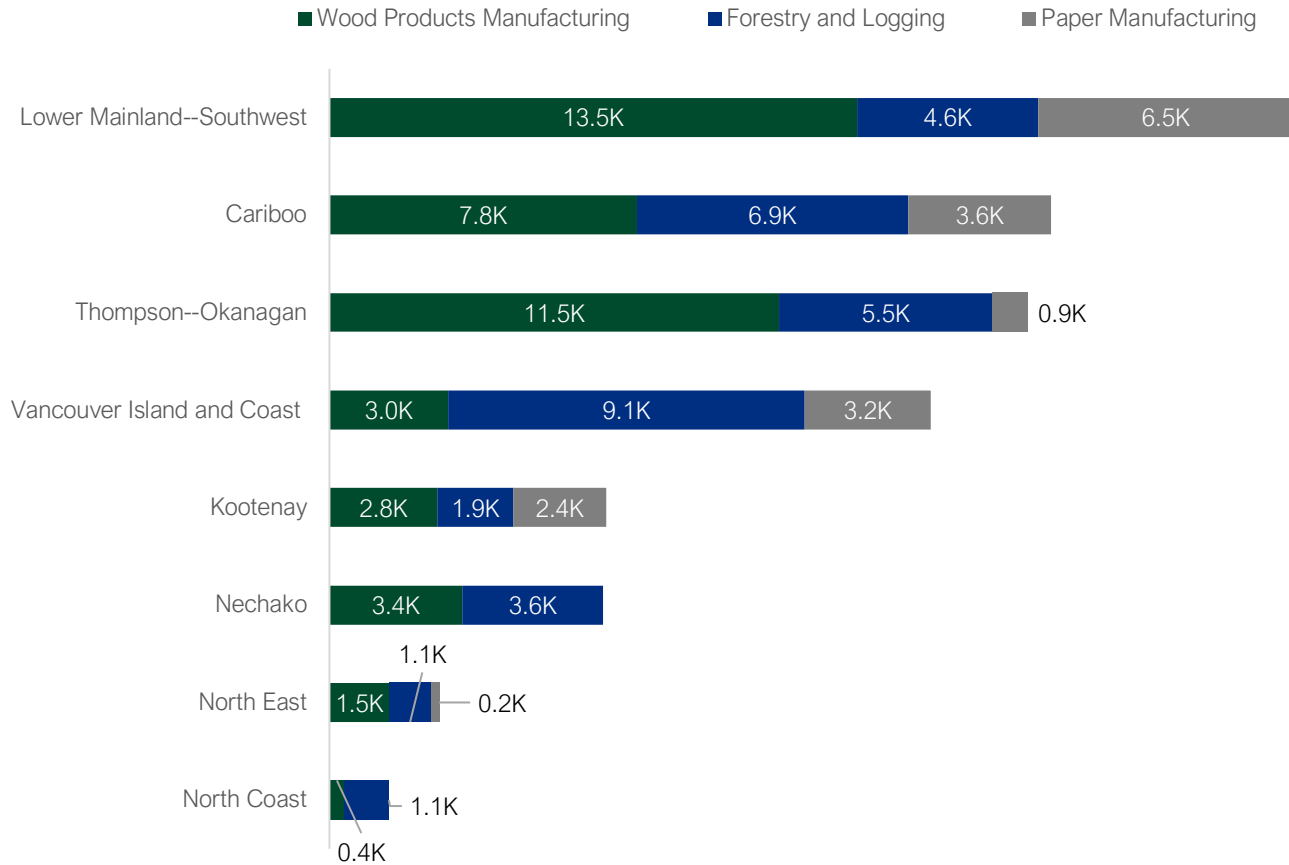


Chart 9 - Wood products manufacturing leads in employment in most regions, whereas Forestry and logging is more prominent on Vancouver Island and Coast



# Section Three

## Government Revenues

## 3.1 Tax Revenues

When economic activity (i.e., output/GDP) occurs, it generates income for those who contributed towards its creation (e.g., owners of capital and labour). These income streams are ultimately subject to taxes, which fund various government services. Government tax revenue is also created from other sources such as the production and sale of products. In this section is a brief description of the key sources of government revenue related to forest sector activity. For each source, the revenue that can be attributed to forest sector activity was estimated. These results can be found in section 3.3.

- **Taxes on Products and Production** – Tax revenue is generated from the sale of products produced or used by the forest sector. This includes fuel and carbon taxes, Goods and Services Tax (GST), and Provincial Sales Tax (PST). Moreover, other taxes on production occur that are not necessarily linked to sales, such as property taxes or license fees.
- **Personal Income Tax (PIT)** – The PIT impacts are based on the labour income impact estimates and Statistics Canada data on primary household income and personal income tax (Table 36-10-0224-011). For British Columbia, the PIT share of primary household income was 18.4% in 2022. This ratio was then applied to the labour income impact estimates to come up with a corresponding PIT impact. To allocate the PIT impacts between federal and provincial governments, data from Statistics Canada that shows the level of household income tax collected by each government was utilized (Table 36-10-0450-01). For 2022, the overall federal share of PIT was 63%, whereas the provincial share was 37%.
- **Corporate Income Tax (CIT)** – The amount of value added is allocated between labour and capital. The Gross Operating Surplus (GOS) is the amount that is left over after labour income is deducted from value-added; in other words, it is the capital share of value added. The CIT impacts were based on the GOS estimates derived from the Input-Output model. However, seeing that GOS reflects both corporate income as well as depreciation and amortization, an adjustment needs to be made to it before it can be used in the estimation of the amount of CIT that was

paid. Supplemental data from Statistics Canada (Table: 36-10-0478-01 and Table: 33-10-0006-01) was used for this purpose. Ratios between GOS and taxable income by sub-sector were established using the most recent year of available data (2021). From the same data, the effective federal and provincial CIT rates by industry were calculated. Although Table: 33-10-0006-01 has been discontinued, the calculated ratios tend to be stable, so the 2021 ratios will be retained for now. These ratios and rates were then applied to the GOS estimates for each sub-sector, in each subsequent year, to come up with an estimate of the level of CIT paid by the sector to provincial and federal governments.

## 3.2 Other Revenue

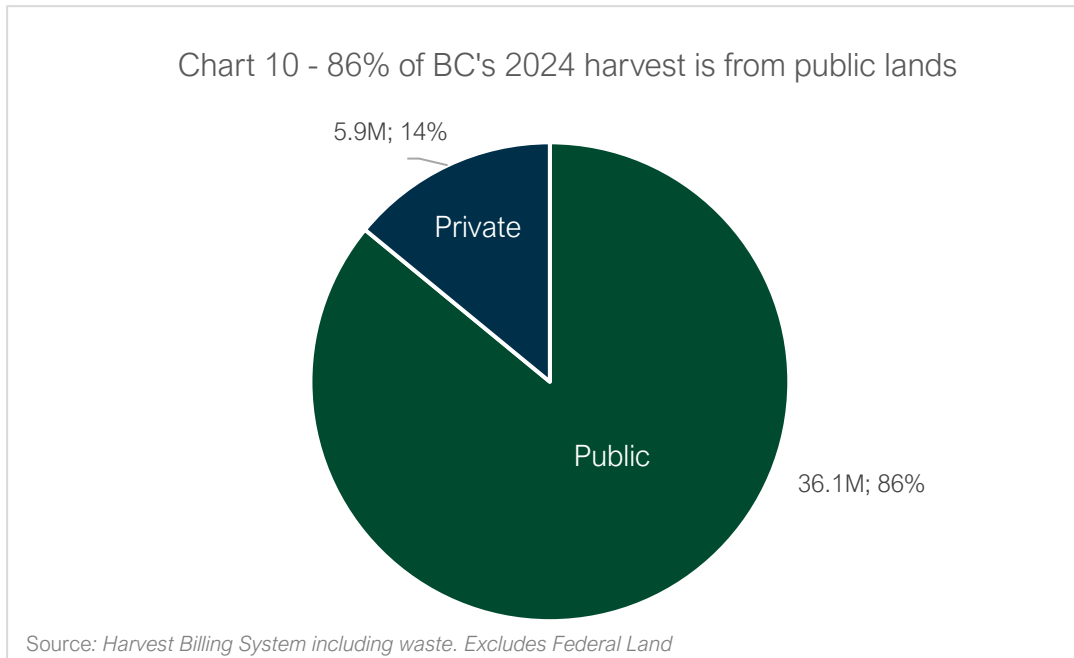
The forest sector also generates other revenue for the government through various fees. The most important ones are:

- **Logging tax** – The B.C. Logging Tax applies to entities that have income from logging operations on private or Crown land.
- **Stumpage** – Most of the raw materials used to produce forest products are derived from publicly owned standing timber. For instance, in 2024, 86% of the total annual harvest was from Crown or public land (Chart 10). Companies pay a fee for this standing timber, known as stumpage. Stumpage fees are set based on timber stand characteristics and market conditions, using an auction-based timber pricing system.<sup>13</sup>
- **Annual Rent** – In addition to stumpage fees, forest companies that have long-term tenures on public forestland are required to pay annual rents based on the amount of allowable annual cut they have.

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<sup>13</sup> See [BC Timber Sales - Province of British Columbia \(gov.bc.ca\)](https://www2.gov.bc.ca/gov2/timber_sales). BCTS auctions support the Market Pricing System, which is the main mechanism used to price public timber in British Columbia.

- **Fee in Lieu** – The export of raw logs from British Columbia is regulated and subject to a surplus test where logs are first offered to domestic mills. If logs are deemed surplus to domestic manufacturing needs, they may be exported. However, in lieu of domestic manufacturing, the province charges a fee that depends on the value of the timber and the species.<sup>14</sup>



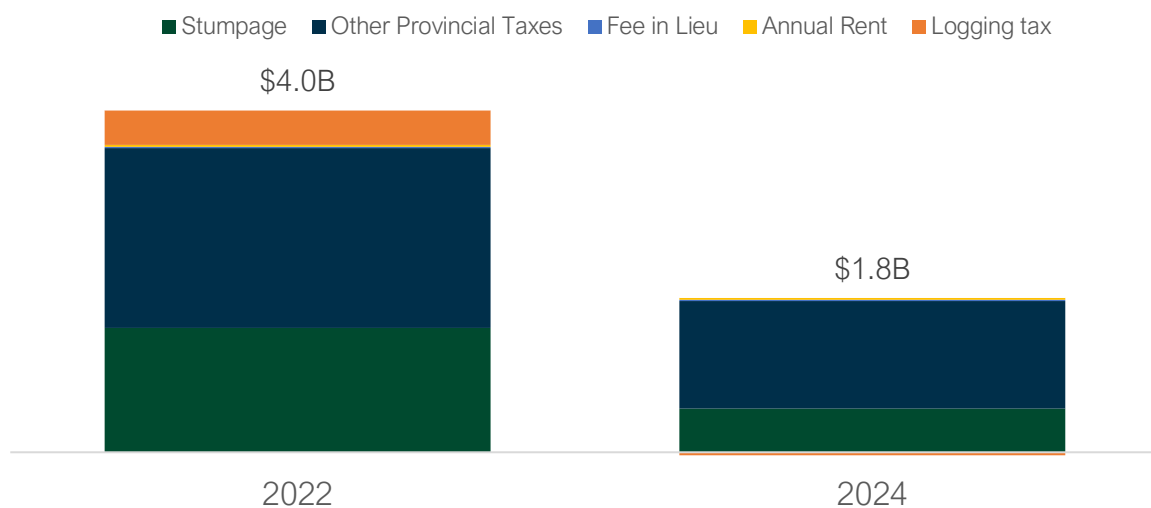
<sup>14</sup> See [Fee in Lieu of Manufacture - Province of British Columbia \(gov.bc.ca\)](https://www2.gov.bc.ca/gov/content/industry/forestry/fee-in-lieu-of-manufacture) for further details.

### 3.3 Government Revenue Estimates

Table 7. Total revenues collected by all levels of government attributed to the forest sector in 2024.<sup>15</sup>

<b>Federal Government</b>	<b>\$1,452 M</b>
Products and production taxes, corporate and personal income taxes <sup>16</sup>	\$1,452 M
<b>Provincial Government</b>	<b>\$1,758 M</b>
Products and production taxes, corporate and personal income tax <sup>16</sup>	\$1,253 M
Logging tax <sup>17</sup>	(\$35 M)
Stumpage	\$505 M
Annual Rent	\$20 M
Fee in Lieu	\$15 M
<b>Municipal Government</b>	<b>\$201 M</b>
Products and production taxes <sup>16</sup>	\$201 M
<b>Total</b>	<b>\$3,411 M</b>

Chart 11 - Reduced harvesting has impacted government revenues



\*Other Provincial Taxes include direct, indirect and induced taxes from products, production, corporate and personal income taxes

<sup>15</sup> Other provincial revenues such as the logging tax, stumpage, annual rent and fee in lieu were not a product of the Input-Output model but instead were obtained directly from MoF Timber Pricing Branch.

<sup>16</sup> Includes direct, indirect, & induced taxes.

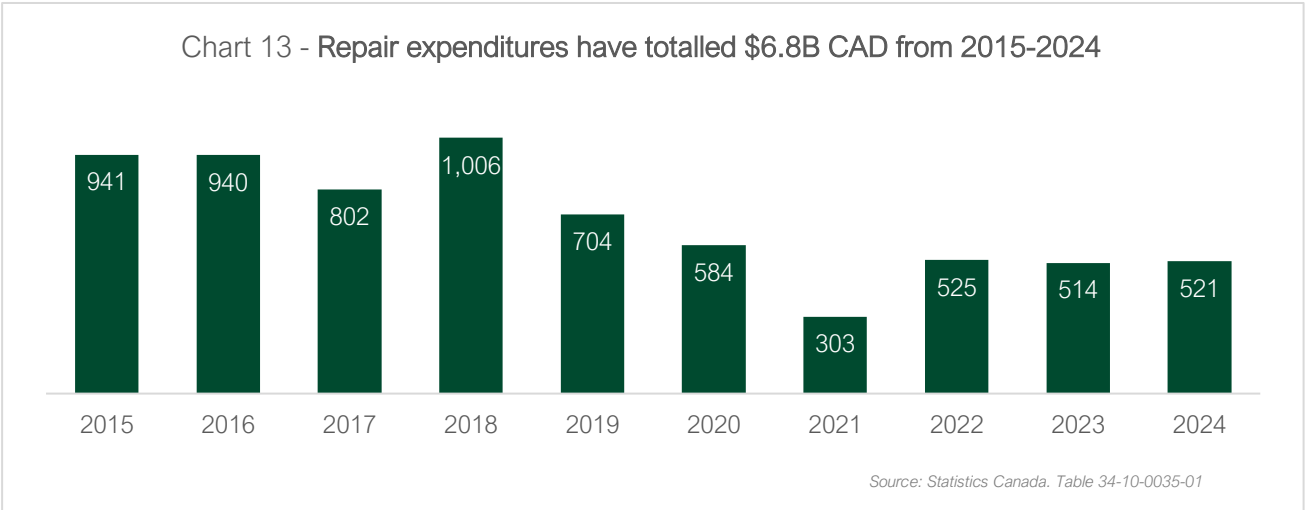
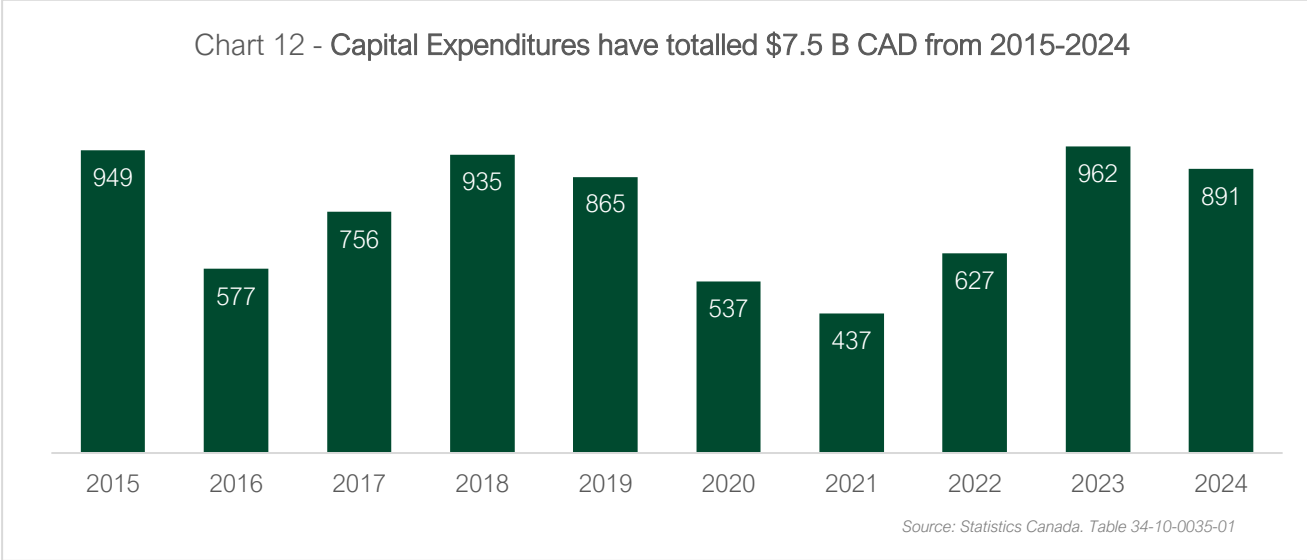
<sup>17</sup> Logging tax is based on a fiscal year 2023/24. The negative value is due to federal loss carry back refunds.

# Section Four

## Capital Investment

# 4.1 Capital Investment

In addition to forest operations, the forest industry also contributes to the economy through its capital expenditures in the province. From 2015 to 2024, the forest sector invested approximately \$14.4 billion in combined capital and repair expenditures. Capital expenditures alone, which include expenditures related to construction, machinery, and equipment, amounted to over \$7.5 billion from 2015 to 2024 (Chart 12). Repair expenditures, which also include expenditures related to maintenance, amounted to \$6.8 billion from 2015 to 2024 (Chart 13). These sustained capital and maintenance investments underscore the long-term commitment of forest companies to operating in British Columbia, even amid cyclical downturns.



# Appendix

## A.1 Methodology

The following section describes additional details about the methodology used in the Economic Impact Study, along with explanations of key data sources and limitations.

Economic Impact Analysis has a long history and can take many forms. The most common approach relies on Input-Output models that are based on supply and use accounts, which are part of the broader Canadian System of Macroeconomic Accounts.<sup>18</sup>

While Input-Output analysis is widely used and adept at capturing the interlinkages in the economy at a particular point in time, there are several well-known limitations. The key limitations are:

- The Input-Output model assumes fixed technological coefficients. It does not consider economies of scale, technological change, externalities, or responses to price changes. This makes economic impact analysis less accurate when evaluating long-term impacts as firms adjust their production technology, and the Input-Output technological coefficients become outdated.
- The analysis says nothing about supply constraints associated with factors of production and whether they have been allocated to their highest valued use. In other words, the analysis does not consider the opportunity cost of labour and capital. For this reason, Input-Output results are thought to be most accurate when there is significant slack in the economy and less accurate under a full-employment situation.<sup>19</sup>

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<sup>18</sup> [Chapter 4 Supply and use accounts \(statcan.gc.ca\)](#)

<sup>19</sup> [Getting to Know Models: - A primer and critique on Input-Output and Computable General Equilibrium Models and their uses for policy and project analysis \(policyschool.ca\)](#)

## Delinking the Forest Sector Supply Chain

The estimates for the economic impact were based on running Statistics Canada's Interprovincial Input-Output model for a significant change in inputs. The values consisted of the intermediate inputs and primary inputs of the forestry sector industries as shown in the supply and use tables for British Columbia, at basic prices. To avoid double counting the forest sector making purchases from itself, the intermediate consumption of forestry products (defined as products primarily produced by forestry sector industries) was zeroed out. In addition, the economic impact of the forestry sector industries appearing as indirect and induced effects was also zeroed out.

### Projecting Input-Output Results from 2021 to 2024<sup>20</sup>

The dollar value estimates provided in the study are all based on nominal values. At the time the study was conducted, nominal GDP and output by industry in current dollars were only directly available from Statistics Canada up until the year 2021. For Forestry and Logging and the manufacturing industries, Statistics Canada suggested utilizing the principal statistics from the [Annual Survey of Manufacturing and Logging \(ASML\)](#) to project current dollar values for 2022, 2023 and 2024. For output, we used total revenue growth rates to make projections as follows: calculate the growth rate of total revenue in time t+1 and apply that rate to output in time t to estimate output in t+1. A similar exercise was done for projecting nominal GDP, except the growth rate in value added was applied.

For support activities related to forestry, projections were based on a GDP deflator, which was calculated as follows:

$$Deflator_t = \frac{Nominal_t}{Real_t} * 100$$

Since we do not have nominal GDP for 2021 and 2022, a price index was used for the sub-sector to calculate the deflators.

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<sup>20</sup> In discussions with Natural Resources Canada, they indicated that a similar approach was taken in their estimates of nominal GDP by resource sector for Canada in 2019. [10 Key Facts on Canada's Natural Resources \(nrcan.gc.ca\)](#)

$$Deflator_{\{t+1\}} = \frac{P_{\{t+1\}}}{P_{\{t\}}} \times Deflator_{\{t\}}$$

Then nominal GDP was forecast as:

$$Nominal\ GDP_{\{t+1\}} = Deflator_{\{t+1\}} * Real\ GDP_{\{t+1\}}$$

Now the % change from Base IO Year GDP is calculated as follows:

$$\% \text{ change in Nominal GDP} = \frac{Projected\ Nominal\ GDP_{\{t+1\}}}{IO\ Base\ Year\ GDP_{\{t\}}} - 1$$

For the number of jobs, a projection exercise was not necessary as these values were directly available from Statistics Canada tables (Table: 36-10-0480-01) and the indirect and induced impacts were calculated using the corresponding multipliers.

## A. 2 Data

Economic metrics for the Vancouver Island/Coast development region, 2024 CAD Millions (M).

	Sector	Direct	Indirect	Induced	Total Impact
Output	Forestry, Logging & Support	2,406M	814M	465M	3,684M
	Wood Products Manufacturing	798M	139M	101M	1,037M
	Pulp & Paper Manufacturing	956M	421M	169M	1,547M
	<b>Total</b>	<b>4,160M</b>	<b>1,374M</b>	<b>735M</b>	<b>6,268M</b>
GDP	Forestry, Logging & Support	945M	328M	255M	1,528M
	Wood Products Manufacturing	165M	48M	41M	254M
	Pulp & Paper Manufacturing	241M	264M	129M	633M
	<b>Total</b>	<b>1,351M</b>	<b>640M</b>	<b>425M</b>	<b>2,415M</b>
Labour Income	Forestry, Logging & Support	513M	235M	117M	865M
	Wood Products Manufacturing	184M	66M	40M	290M
	Pulp & Paper Manufacturing	160M	130M	47M	337M
	<b>Total</b>	<b>857M</b>	<b>431M</b>	<b>204M</b>	<b>1,492M</b>
Employment	Forestry, Logging & Support	4,387	2,795	1,910	9,091
	Wood Products Manufacturing	1,586	790	654	3,031
	Pulp & Paper Manufacturing	1,067	1,413	750	3,229
	<b>Total</b>	<b>7,040</b>	<b>4,998</b>	<b>3,314</b>	<b>15,351</b>

Economic metrics for the Lower Mainland/Southwest development region, 2024 CAD Millions (M).

	Sector	Direct	Indirect	Induced	Total Impact
Output	Forestry, Logging & Support	1,188M	403M	245M	1,837M
	Wood Products Manufacturing	3,180M	653M	449M	4,282M
	Pulp & Paper Manufacturing	1,855M	679M	328M	2,862M
	<b>Total</b>	<b>6,223M</b>	<b>1,735M</b>	<b>1,022M</b>	<b>8,980M</b>
GDP	Forestry, Logging & Support	479M	167M	138M	784M
	Wood Products Manufacturing	746M	274M	221M	1,241M
	Pulp & Paper Manufacturing	535M	417M	242M	1,194M
	<b>Total</b>	<b>1,760M</b>	<b>858M</b>	<b>601M</b>	<b>3,220M</b>
Labour Income	Forestry, Logging & Support	258M	112M	59M	429M
	Wood Products Manufacturing	723M	289M	167M	1,180M
	Pulp & Paper Manufacturing	343M	213M	91M	647M
	<b>Total</b>	<b>1,325M</b>	<b>614M</b>	<b>317M</b>	<b>2,256M</b>
Employment	Forestry, Logging & Support	2,336	1,335	962	4,632
	Wood Products Manufacturing	7,076	3,624	2,761	13,461
	Pulp & Paper Manufacturing	2,669	2,387	1,450	6,506
	<b>Total</b>	<b>12,080</b>	<b>7,346</b>	<b>5,173</b>	<b>24,599</b>

Economic metrics for the Thompson/Okanagan development region, 2024 CAD Millions (M).

	Sector	Direct	Indirect	Induced	Total Impact
Output	Forestry, Logging & Support	1,363M	464M	297M	2,124M
	Wood Products Manufacturing	2,921M	537M	397M	3,855M
	Pulp & Paper Manufacturing	264M	115M	47M	426M
	<b>Total</b>	<b>4,548M</b>	<b>1,116M</b>	<b>741M</b>	<b>6,405M</b>
GDP	Forestry, Logging & Support	562M	197M	172M	930M
	Wood Products Manufacturing	679M	202M	176M	1,057M
	Pulp & Paper Manufacturing	67M	72M	36M	175M
	<b>Total</b>	<b>1,308M</b>	<b>470M</b>	<b>383M</b>	<b>2,161M</b>
Labour Income	Forestry, Logging & Support	302M	124M	69M	494M
	Wood Products Manufacturing	691M	243M	151M	1,085M
	Pulp & Paper Manufacturing	45M	36M	13M	93M
	<b>Total</b>	<b>1,038M</b>	<b>403M</b>	<b>232M</b>	<b>1,673M</b>
Employment	Forestry, Logging & Support	2,855	1,484	1,122	5,460
	Wood Products Manufacturing	6,027	2,967	2,473	11,467
	Pulp & Paper Manufacturing	302	387	207	896
	<b>Total</b>	<b>9,184</b>	<b>4,837</b>	<b>3,802</b>	<b>17,824</b>

Economic metrics for the Kootenay development region, 2024 CAD Millions (M).

	Sector	Direct	Indirect	Induced	Total Impact
Output	Forestry, Logging & Support	508M	172M	100M	780M
	Wood Products Manufacturing	764M	122M	89M	975M
	Pulp & Paper Manufacturing	704M	312M	125M	1,140M
	<b>Total</b>	<b>1,977M</b>	<b>606M</b>	<b>313M</b>	<b>2,896M</b>
GDP	Forestry, Logging & Support	201M	70M	55M	326M
	Wood Products Manufacturing	140M	36M	31M	207M
	Pulp & Paper Manufacturing	177M	195M	95M	467M
	<b>Total</b>	<b>517M</b>	<b>301M</b>	<b>181M</b>	<b>1,000M</b>
Labour Income	Forestry, Logging & Support	109M	49M	25M	183M
	Wood Products Manufacturing	174M	61M	37M	273M
	Pulp & Paper Manufacturing	117M	96M	34M	248M
	<b>Total</b>	<b>401M</b>	<b>206M</b>	<b>97M</b>	<b>704M</b>
Employment	Forestry, Logging & Support	943	586	405	1,934
	Wood Products Manufacturing	1,437	715	605	2,756
	Pulp & Paper Manufacturing	781	1,044	552	2,376
	<b>Total</b>	<b>3,160</b>	<b>2,345</b>	<b>1,562</b>	<b>7,067</b>

Economic metrics for the Cariboo development region, 2024 CAD Millions (M).

	Sector	Direct	Indirect	Induced	Total Impact
Output	Forestry, Logging & Support	1,714M	584M	381M	2,679M
	Wood Products Manufacturing	2,156M	350M	259M	2,765M
	Pulp & Paper Manufacturing	1,080M	478M	191M	1,750M
	<b>Total</b>	<b>4,950M</b>	<b>1,412M</b>	<b>831M</b>	<b>7,193M</b>
GDP	Forestry, Logging & Support	712M	250M	221M	1,183M
	Wood Products Manufacturing	420M	108M	95M	623M
	Pulp & Paper Manufacturing	271M	299M	146M	716M
	<b>Total</b>	<b>1,403M</b>	<b>657M</b>	<b>462M</b>	<b>2,522M</b>
Labour Income	Forestry, Logging & Support	382M	154M	87M	623M
	Wood Products Manufacturing	500M	171M	107M	777M
	Pulp & Paper Manufacturing	180M	148M	53M	381M
	<b>Total</b>	<b>1,061M</b>	<b>473M</b>	<b>246M</b>	<b>1,780M</b>
Employment	Forestry, Logging & Support	3,666	1,846	1,419	6,931
	Wood Products Manufacturing	4,096	2,018	1,728	7,842
	Pulp & Paper Manufacturing	1,198	1,601	847	3,646
	<b>Total</b>	<b>8,960</b>	<b>5,465</b>	<b>3,994</b>	<b>18,419</b>

Economic metrics for the North Coast development region, 2024 CAD Millions (M).

	Sector	Direct	Indirect	Induced	Total Impact
Output	Forestry, Logging & Support	298M	101M	59M	458M
	Wood Products Manufacturing	104M	17M	12M	133M
	Pulp & Paper Manufacturing	0	0	0	0
	<b>Total</b>	<b>402M</b>	<b>118M</b>	<b>71M</b>	<b>591M</b>
GDP	Forestry, Logging & Support	118M	41M	33M	192M
	Wood Products Manufacturing	19M	5,160	4,338	29M
	Pulp & Paper Manufacturing	0	0	0	0
	<b>Total</b>	<b>137M</b>	<b>46M</b>	<b>37M</b>	<b>221M</b>
Labour Income	Forestry, Logging & Support	64M	29M	15M	107M
	Wood Products Manufacturing	24M	8,383	5,101	37M
	Pulp & Paper Manufacturing	0	0	0	0
	<b>Total</b>	<b>88M</b>	<b>37M</b>	<b>20M</b>	<b>144M</b>
Employment	Forestry, Logging & Support	559	342	238	1,140
	Wood Products Manufacturing	198	99	83	379
	Pulp & Paper Manufacturing	0	0	0	0
	<b>Total</b>	<b>757</b>	<b>441</b>	<b>321</b>	<b>1,519</b>

Economic metrics for the Nechako development region, 2024 CAD Millions (M).

	Sector	Direct	Indirect	Induced	Total Impact
Output	Forestry, Logging & Support	938M	318M	188M	1,443M
	Wood Products Manufacturing	912M	152M	109M	1,173M
	Pulp & Paper Manufacturing	0	0	0	0
	<b>Total</b>	<b>1,850M</b>	<b>470M</b>	<b>297M</b>	<b>2,617M</b>
GDP	Forestry, Logging & Support	374M	130M	105M	609M
	Wood Products Manufacturing	172M	49M	41M	262M
	Pulp & Paper Manufacturing	0	0	0	0
	<b>Total</b>	<b>546M</b>	<b>179M</b>	<b>146M</b>	<b>871M</b>
Labour Income	Forestry, Logging & Support	202M	90M	46M	338M
	Wood Products Manufacturing	207M	74M	45M	327M
	Pulp & Paper Manufacturing	0	0	0	0
	<b>Total</b>	<b>409M</b>	<b>164M</b>	<b>91M</b>	<b>665M</b>
Employment	Forestry, Logging & Support	1,784	1,069	752	3,606
	Wood Products Manufacturing	1,765	886	731	3,382
	Pulp & Paper Manufacturing	0	0	0	0
	<b>Total</b>	<b>3,549</b>	<b>1,955</b>	<b>1,484</b>	<b>6,988</b>

Economic metrics for the Northeast development region, 2024 CAD Millions (M).

	Sector	Direct	Indirect	Induced	Total Impact
Output	Forestry, Logging & Support	280M	95M	54M	429M
	Wood Products Manufacturing	407M	70M	52M	529M
	Pulp & Paper Manufacturing	62M	27M	11M	101M
	<b>Total</b>	<b>749M</b>	<b>192M</b>	<b>118M</b>	<b>1,059M</b>
GDP	Forestry, Logging & Support	110M	38M	30M	179M
	Wood Products Manufacturing	89M	24M	21M	134M
	Pulp & Paper Manufacturing	16M	17M	8,384	41M
	<b>Total</b>	<b>215M</b>	<b>79M</b>	<b>60M</b>	<b>354M</b>
Labour Income	Forestry, Logging & Support	60M	27M	14M	101M
	Wood Products Manufacturing	96M	33M	21M	150M
	Pulp & Paper Manufacturing	10M	8,510	3,030	22M
	<b>Total</b>	<b>167M</b>	<b>68M</b>	<b>37M</b>	<b>272M</b>
Employment	Forestry, Logging & Support	515	324	223	1,062
	Wood Products Manufacturing	801	390	336	1,527
	Pulp & Paper Manufacturing	69	92	49	210
	<b>Total</b>	<b>1,385</b>	<b>806</b>	<b>607</b>	<b>2,799</b>



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