

The Economics of Private Forests

Although private forest land represents only 10% of Canada's forest, they account for 20% of forest production. In 2018, the National Forestry Database estimated that nearly 24 million cubic meters were harvested from private lands. However, the full economic potential of private forests is far from being reached.

Governments are encouraged to help Canadian forest owners fulfill their potential through various means including fiscal measures, special incentive programs and supportive policies. By helping forest owners, government increases the supplies of forest products and regional economic activity as well as the environmental services expected by Canadian society. CFO commits to help Canadian forest owners increase the economic benefits generated by their private forestlands. As such, it advocates at a federal level on a number of issues.

Personal Silvicultural Savings & Investment Plan for Canadian Woodlot Owners

Canada's private family woodlots belong to 450,000 Canadian families. The management of these private family forests provides numerous socio-economic benefits by supporting a range of industries, and generates environmental benefits by protecting biodiversity as well the quality of water and air.

Various factors, including the low profitability of forest management activities on smaller forest areas, have discouraged many woodlot owners from actively managing their woodlots. The Government has a number of tools available to encourage woodlot owners to more intensively manage their woodlots. Historically, direct subsidies were the favoured means. Today, income tax measures can be used as an additional tool to encourage active management by greater numbers of woodlot owners and increase supplies of forest products as well as the environmental services expected by Canadian society.

While intensive management of woodlots provides these major benefits to society, the lack of adequate support will prevent private woodlots from reaching their potential.

We therefore propose the creation of a Personal Silvicultural Savings and Investment Plan which would allow woodlot owners to place a portion of their forestry revenue in a tax shelter for the purpose of future investments in silviculture and other forms of forest management. A measure allowing the distribution of revenues over a certain number of years could also support forestry practices.

Forest owners live in rural areas in Canada, meet 20% of the raw material needs of Canada's forest industries, manage an exceptional land base in terms of biodiversity, contribute to air and water quality across rural Canada, and provide leisure areas near urban centres.