

An Analysis of:

**COMMERCIAL FISHING LICENCE, QUOTA,
AND VESSEL VALUES**

As at March 31, 2006

WEST COAST FISHING FLEET

**PREPARED FOR
FISHERIES AND OCEANS - PACIFIC REGION**

Treaty and Aboriginal Policy Directorate

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PACIFIC FLEET VESSEL, LICENCE AND QUOTA VALUATION – AT MARCH 31, 2006

INTRODUCTION

This report offers assessments of licence, quota, lease, and vessel values as of March 31, 2006 for commercial fisheries in B.C. The assessments are based where possible on market transactions.

The valuations contained in this report represent the best efforts of the contractor to encapsulate prevailing asset value levels in the commercial fishery. The depth and quality of data upon which valuations are based varies dramatically by fishery - some fisheries are active, with ample vessel and licence transactions, while others are very closely held. For fisheries with very limited vessel/licence markets, valuations are based more on inference and anecdotal information than on hard data. This is reflected in the reported "confidence level" of each assessment.

This report provides by-fishery analysis of current and historical licence, quota, lease, and vessel values. The findings of this report are offered with the objective to provide information across fisheries on a consistent basis. The report is designed to allow the user to gain a useful snapshot of the current situation and trends prevailing in each fishery.

Having performed six valuation studies over the past eight years, the contractor has found that the volume of licence and quota transactions in the Pacific fishery is declining, and that valuations are increasingly predicated on general or anecdotal information. This is attributed both to a declining pool of commercial licences (most obvious in the salmon fishery, but also apparent in other fisheries), and also to consolidation of licence and quota holdings in many fisheries; that is, purchase of additional licence/quotas by some harvesters, and exit from the fishery by others.

The contractor cautions that valuations contained in this study, while reflective of March 31, 2006 licence, quota, and vessel values, should not provide the valuation rationale for any purchase/sale transactions that may be contemplated. Licence and quota values are extremely dynamic, changing dramatically and quickly as harvest volumes, ex-vessel prices, and supply/demand forces change. Valuations provided herein cannot replace the due diligence required to negotiate the "right" price for a fishing vessel, licence, or quota.

METHODOLOGY

Valuations Performed

The following table describes the scope of work carried out in this report:

Fishery	Gear	VALUATION				
		Average Vessel Value	Average Licence Value		Quota Value	Lease Value
			Full Fee	Reduced Fee		
Salmon	Seine	X	X	X		
	Gillnet	X	X	X		
	Troll	X	X	X		
Herring – Roe	Seine	X	X	X		X
	Gillnet	X	X	X		X
Herring – Spawn on Kelp			X			
Halibut	Longline	X	X		X	X
Sablefish	Longline / Trap	X	X		X	X
Geoduck / Horseclam	Dive	X	X			X
Shrimp	Trawl	X	X			
Prawn	Trap	X	X			X
Groundfish	Trawl	X	X		X	X
Crab	Trap	X	X			
Sea Cucumber	Dive	X	X			X
Red Sea Urchin	Dive	X	X			X
Green Sea Urchin	Dive	X	X			X
Rockfish	Hook & Line	X	X			X
Schedule II Species		X	X			
Euphausiid	Trawl	X	X			

Valuation Methodology

In order to efficiently and most-accurately assess licence and vessel values, stratification was used where appropriate. Stratification is a statistical approach whereby licences or vessels being valued are divided into groups of similar value. An average value is then determined for each group rather than each vessel (or licence).

Licence Stratification & Valuation Criteria

Licence stratification is generally quite simple, as each licence within a fishery tends to hold a similar value. Exceptions are fisheries such as salmon and roe herring, where “full-fee” and “reduced-fee” licence distinctions bring different values.

The valuation criteria applied to licence valuation will be noted for each fishery (eg. value per licence, per foot, per pound of quota).

Vessel Stratification

Compared to licence valuation, vessel valuation is complex and by nature, imprecise.

The vessel stratification approach used in this study strives to provide a meaningful profile of the vessels involved in each fishery. The following table shows the vessel categorizations applied to each commercial fishery:

Vessel Type	Classic Style			Modern Style	
	<i>Wood</i>	<i>Aluminium / Fibreglass</i>	<i>Steel</i>	<i>Aluminium / Fibreglass</i>	<i>Steel</i>
Inside Waters / Smaller Vessel					
Outside Waters / Larger Vessel					

The stratification approach is described as follows:

Vessel Type

For each fishery, it is deemed that there is a “small” class of vessels, and a “large” class of vessels. Smaller vessels are typically designed for and utilized in inside or protected waters, while larger vessels may be further utilized in outside, exposed, or offshore waters. An outside/larger vessel, being of greater size and utility, is more valuable than its inside/smaller counterpart.

Vessel-type designations are *relative*, being specific to the fishery being considered. For instance, an inside/smaller groundfish trawl vessel may actually be larger and possess greater value than an outside/larger salmon gillnetter.

Examples of inside/smaller vessels are Skeena River gillnet boats, Boundary Bay crab boats, or “Gulf” trollers. Examples of outside/larger vessels are “San Juan” salmon seiners, west-coast salmon trollers, and Queen Charlotte Islands crab vessels.

Vessel “Style”

For each type of vessel there are two “styles” assumed: “classic” vessels are of older design (typically pre-1980’s), meaning they may have less beam, power, sophisticated fishing gear, refrigeration, fish-packing capacity, and creature comforts than a “modern” vessel.

In decades past, wood was the default construction material. As materials like steel, fibreglass, and aluminium gained favour, vessels were built with new materials, but using a similar design as in the past. Thus, there is a sizeable class of “classic” vessels constructed from non-wood materials.

Modern vessels are deemed to be those incorporating non-wood material with progressive design and enhanced capabilities, such as those mentioned above (speed, power, refrigeration, capacity, etc.). A surge in vessel construction occurred through the 1980’s in the salmon and roe herring fleets. Prosperity in the crab, prawn, and dive fleets resulted in considerable new vessel construction through the early-mid 1990’s.

Vessel Construction Material

Four construction materials are considered: wood, fibreglass, aluminium, and steel. All else being equal (vessel type and style), it is deemed that wood vessels command the least value, fibreglass and aluminium are next (with the two materials assumed equal in value), with steel vessels being the most valuable.

Vessels constructed of miscellaneous materials (ferro, composite) are assumed to hold the same value as wooden craft.

Vessel Stratification Intent

The vessel stratification method used in this study seeks to find a balance between undue complexity (too many classifications, or *individual* vessel valuations) and over-simplicity (glossing over relevant differences). Application of this approach will yield meaningful *overall results (for example, total fleet value, average vessel value)*, but is not intended to provide definitive *by-vessel* valuations.

Information Collection

This report follows a similar valuation methodology to that applied in prior reports. Valuations were based upon a variety of information, including:

- First-hand reports of specific transactions (“best” source);
- Anecdotal reports of general price levels or trends (expert opinion);
- Consideration of vessel and licence “listings” (e.g. brokerage information);
- Consideration of prevailing industry “fundamentals” (fishery landings, landed prices, market situation, etc.);
- Application of the contractor’s judgment.

The key source of information was interviews with industry participants, including fishermen, processing representatives, vessel / licence brokers, lawyers, and others close to a particular fishery.

Valuation Criteria

Each valuation furnished in the report represents a synthesis of the best information obtained from industry on transaction levels, and application of the contractor’s judgement in determining a going rate for licences and quota. There is seldom a “going rate” for licences. For fisheries with a reasonable volume of trading activities, valuations are an attempt to encapsulate weighted average prices at the valuation date. For fisheries with little or no trading activity, valuations are merely estimates based upon anecdotal information collected, current fishery trends, and past price levels; valuations with a low reported confidence level are on this basis.

Valuation Trends

For each fishery, valuation trend graphs, including the current valuation along with those found in the five prior reports, are presented. Values in these graphs are in real terms (not adjusted for inflation).

Average Landings and Landed Value

For each fishery where landings and landed value trends are shown, the average volume and catch per licence, for the most current year, is provided. Except where noted, data is from the DFO Catch Data Unit. For some quota fisheries or fisheries where licence stacking is allowed, these values will not provide a true picture of per-vessel activity; some vessel owners have consolidated quota/licence holdings, while others have partially or totally divested.

Licensing Information

For each fishery evaluated in this report, a brief synopsis of the licensing system is provided in table format. Readers may require further information, which may be found in Integrated Fisheries Management Plans, or the Pacific Licensing web page. Links to these information sources:

- IFMP's: <http://www-ops2.pac.dfo-mpo.gc.ca/xnet>
- DFO Licensing: http://www.pac.dfo-mpo.gc.ca/ops/fm/Licensing/Default_e.htm

SALMON SEINE

General Description

<i>Licence Designation</i>	AS
<i>Nature of Licence</i>	Vessel based – vessel owner may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	249
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	27 (FAS designation – Party based)
<i>Licensing/Management Framework</i>	Area Licensing; vessel owner must designate one of two areas, north or south (A and B); periodic area re-selection (2006 was last re-selection). Stacking allowed; currently 111 Area A licences and 165 Area B (includes F licences).
<i>Valuation Criteria (Stratification)</i>	Full fee and reduced fee licences are valued separately. No difference in value between licence areas was found. Vessels are stratified by size, construction material, and capability.
<i>Additional Information</i>	Competitive fishery. Licences have no associated quota. Vessel-based licence virtually precludes licence leasing. Reduced fee licences may only be held on a vessel where the vessel owner is an aboriginal individual. Vessel-based licence allows harvest of Schedule II species and transporting (packing).

Valuations Performed

Valuations	Purchase and Sale			Lease		
	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>
Licence	Yes	5-10	Med	n.a.		
Quota	n.a.			n.a.		
Vessel	Yes	<3	Low	n.a.		

PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

Current Valuation

Licence Value at March 31, 2006

<i>Licence Category</i>	<i>Avg. Licence Value (\$)</i>	<i>Total Licences</i>	<i>Total Value, All Licences (\$millions)</i>
AS - Full Fee	340,000	231	78,540,000
AS - Reduced Fee	300,000	18	5,400,000
AS Licences	337,108	249	83,940,000

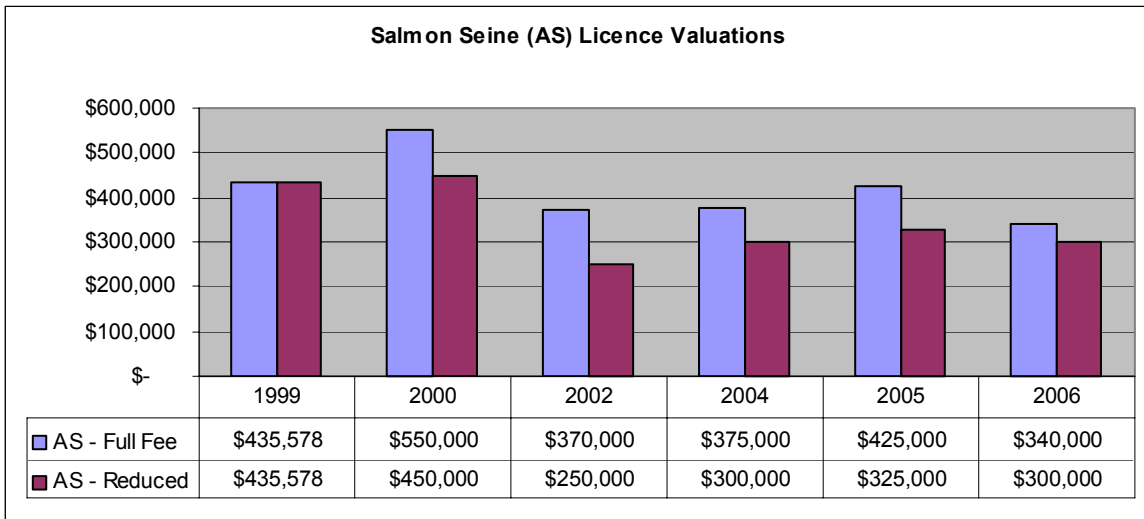
- Values have dropped significantly this year. Last year's values were \$425,000 full fee and \$325,000 reduced fee.
- The Allocation Transfer Program was a significant player, purchasing three licences during the year. The average rate paid by the Program was about 10% higher than that indicated in "industry" transactions.
- Average vessel length: approx. 64 feet; length is a minor valuation factor.
- No discernable difference in values by area.

Vessel Value

Vessel counts exclude F licences and are best-estimates.

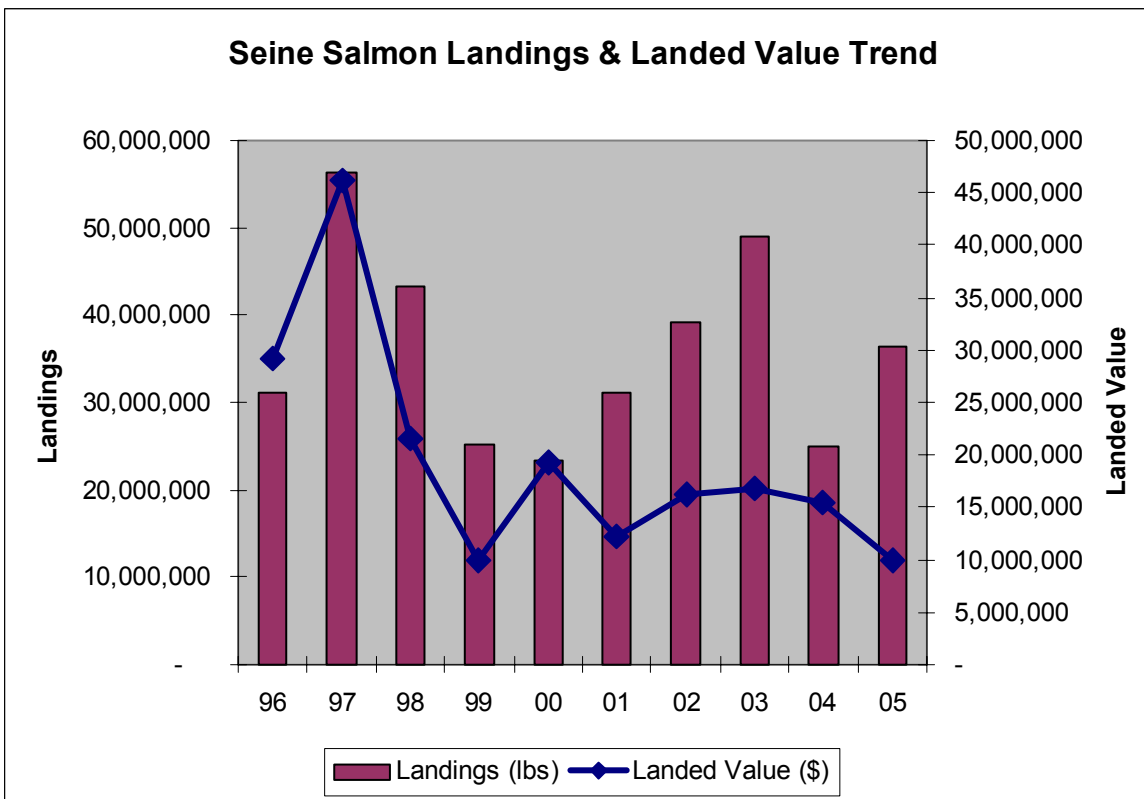
Vessel Type		Classic Style			Modern Style		Total / Average
		<i>Wood</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	
Inside Waters / Smaller Vessel	Est # Vessels	13	7	4	13	1	38
	Unit Value	25,000	125,000	150,000	300,000	325,000	158,553
	Aggregate Val.	325,000	875,000	600,000	3,900,000	325,000	6,025,000
Outside Waters / Larger Vessel	Est # Vessels	30	23	11	38	47	149
	Unit Value	65,000	175,000	200,000	400,000	500,000	314,597
	Aggregate Val.	1,950,000	4,025,000	2,200,000	15,200,000	23,500,000	46,875,000
Total / Average	Est # Vessels	43	30	15	51	48	187
	Average Value	52,907	163,333	186,667	374,510	496,354	282,888
	Aggregate Val.	2,275,000	4,900,000	2,800,000	19,100,000	23,825,000	52,900,000

Valuation Trends



- Values during the period shown have been “propped-up” by government licence purchases (or anticipated purchases), and speculation about an expected quota management plan. Current values have softened due to the ongoing poor financial performance of the salmon fishery.

Landings & Landed Value Trends



PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

<i>Avg Landings per Licence (lbs, 2005)</i>	131,993
<i>Avg Landed Value/Licence (2005):</i>	\$ 36,061

- Changes in DFO's commercial salmon management policy post-1997 have resulted in low levels of landings and landed values in the recent past (coho conservation, precautionary management, SARA, wild salmon policy).

Outlook

- The performance of the commercial salmon fishery does not support the asset values indicated in this valuation, according to many industry participants.
- Asset values are supported largely by government licence retirements and speculation about a looming quota management plan.
- The pink salmon market remains challenging; pinks are a major component of seine salmon landings.
- Improved access to Fraser Sockeye by the Area B fleet in 2006 was an encouraging sign.
- The outlook for commercial salmon fisheries remains "cloudy:"
 - Uncertain access to the resource (allocation issues, SARA, Wild Salmon Policy).
 - Market challenges and opportunities.
 - Rising costs (eg. fuel).
 - Volatile ocean conditions and salmon returns.
 - Prospects for industry rationalization that may bring both improved business performance and further reduce participation in the fishery.

SALMON GILLNET

General Description

<i>Licence Designation</i>	AG
<i>Nature of Licence</i>	Vessel based – vessel owner may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	1059
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	93 (FAG designation, Party-based)
<i>Licensing/Management Framework</i>	Area Licensing; vessel owner must designate one of 3 areas: North (C), Johnstone St/Barclay Snd (D), or Fraser River (E); periodic area reselection (2006 was last re-selection). Stacking allowed; currently 699 Area A, 331 Area D, and 376 Area E (includes FAG and NAG licences)
<i>Valuation Criteria (Stratification)</i>	Full fee and reduced fee licences are valued separately Vessels are stratified by size, construction material, and capability
<i>Additional Information</i>	Competitive fishery. An additional 254 personal licences (NAG designation) are held by the Northern Native Fishing Corporation. Vessel-based licence virtually precludes licence leasing. Reduced fee licences may only be held on a vessel where the vessel owner is an aboriginal individual. Vessel-based licence allows harvest of Schedule II species and transporting (packing).

Valuations Performed

Valuations	Purchase and Sale			Lease		
	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>
Licence	Yes	>10	Med-High	n.a.		
Quota	n.a.			n.a.		
Vessel	Yes	<3	Low	n.a.		

PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

Current Valuation

Licence Value at March 31, 2006

<i>Licence Category</i>	<i>Avg. Licence Value (\$)</i>	<i>Total Licences</i>	<i>Total Value, All Licences (\$millions)</i>
AG - Full Fee	80,000	895	71,600,000
AG - Reduced Fee	68,000	164	11,152,000
AG Licences	78,142	1,059	82,752,000

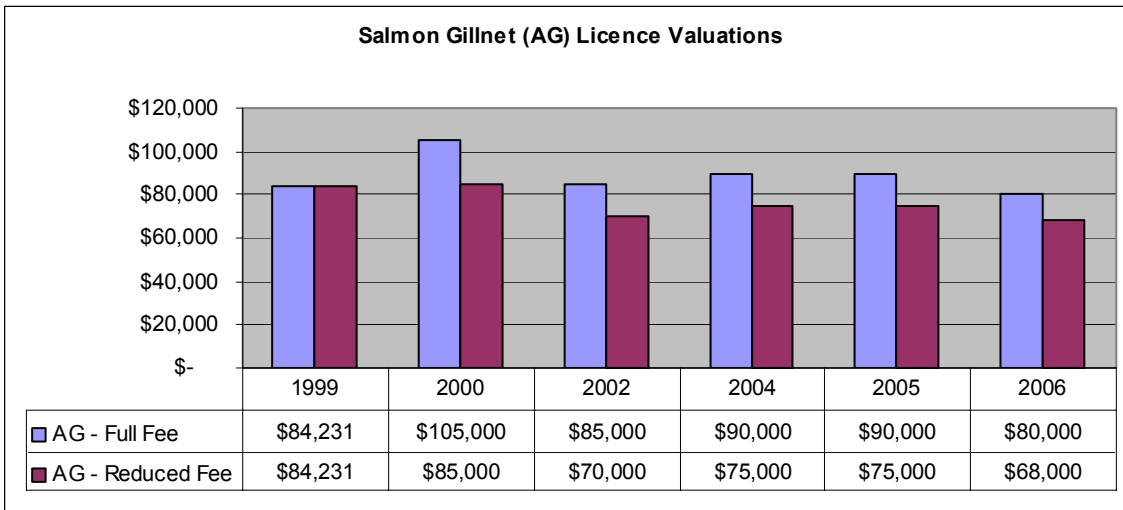
- Values have dropped marginally this year. Last years values were \$90,000 and \$75,000.
- Current (at issuance of this Report) values have softened further, to perhaps \$70,000-75,000.
- The Allocation Transfer Program was a significant player, purchasing 10 licences during the year. The average rate paid by the Program was consistent with that indicated in “industry” transactions.
- Average vessel length approx. 33 feet; length is not a major valuation factor.
- No discernable difference in values by area.

Vessel Value

Vessel counts exclude F licences and are best-estimates.

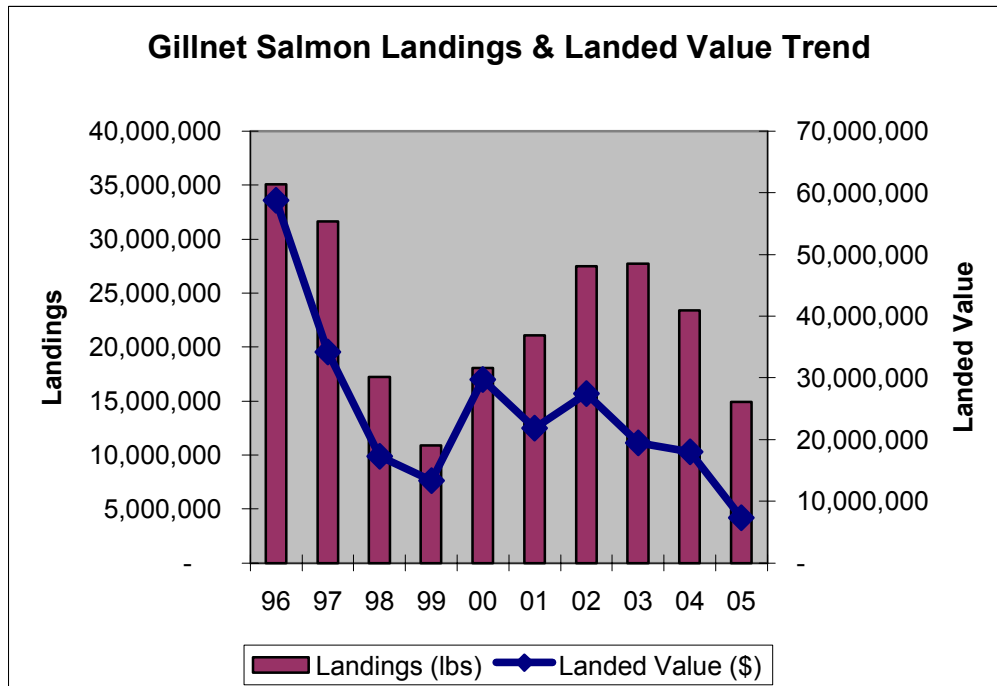
Vessel Type		Classic Style			Modern Style		Total / Average
		<i>Wood</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	
Inside Waters / Smaller Vessel	Est # Vessels	60	250	-	87	-	397
	Unit Value	15,000	25,000	-	75,000	-	34,446
	Aggregate Val.	900,000	6,250,000	-	6,525,000	-	13,675,000
Outside Waters / Larger Vessel	Est # Vessels	90	220	1	175	2	488
	Unit Value	35,000	50,000	75,000	150,000	175,000	98,137
	Aggregate Val.	3,150,000	11,000,000	75,000	26,250,000	350,000	40,825,000
Total / Average	Est # Vessels	150	470	1	262	2	885
	Average Value	27,000	36,702	75,000	125,095	175,000	61,582
	Aggregate Val.	4,050,000	17,250,000	75,000	32,775,000	350,000	54,500,000

Valuation Trends



- Values during the period shown have been “propped-up” by government licence purchases (or anticipated purchases), and speculation about an expected quota management plan. Current values have softened due to the ongoing poor financial performance of the salmon fishery.

Landings & Landed Value Trends



<i>Avg Landings per Licence (lbs, 2005)</i>	10,629
<i>Avg Landed Value/Licence (2005):</i>	\$ 5,248

- Changes in DFO’s commercial salmon management policy post-1997 have resulted in low levels of landings and landed values in the recent past (coho conservation, precautionary management, SARA, wild salmon policy).

Outlook

- The performance of the commercial salmon fishery does not support the asset values indicated in this valuation, according to many industry participants.
- Asset values are supported largely by government licence retirements and speculation about a looming quota management plan.
- Improved access to Fraser Sockeye by the Area D and E fleets in 2006 was an encouraging sign.
- The outlook for commercial salmon fisheries remains “cloudy:”
 - Uncertain access to the resource (allocation issues, SARA, Wild Salmon Policy).
 - Market challenges and opportunities.
 - Rising costs (eg. fuel).
 - Volatile ocean conditions and salmon returns.
 - Prospects for industry rationalization that may bring both improved business performance and further reduce participation in the fishery.

SALMON TROLL

General Description

<i>Licence Designation</i>	AT
<i>Nature of Licence</i>	Vessel based – vessel owner may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	517
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	21 (FAT designation, Party-based)
<i>Licensing/Management Framework</i>	Area Licensing; vessel owner must designate one of 3 areas: North (F), West Coast Vancouver Island (G), and Georgia Strait (H); periodic area re-selection (2006 was last re-selection). Stacking allowed; currently 246 Area F, 169 Area G, 123 Area H (includes FAT licences).
<i>Valuation Criteria (Stratification)</i>	Full fee and reduced fee licences are valued separately. Some valuation differences by area are noted. Vessels are stratified by size, construction material, and capability
<i>Additional Information</i>	Competitive fishery. Vessel-based licence virtually precludes licence leasing. Reduced fee licences may only be held on a vessel where the vessel owner is an aboriginal individual. Vessel-based licence allows harvest of Schedule II species and transporting (packing).

Valuations Performed

Valuations	Purchase and Sale			Lease		
	Valuation Conducted?	Sample Size	Confidence Level	Valuation Conducted?	Sample Size	Confidence Level
Licence	Yes	<5	Med-High	n.a.		
Quota	n.a.			n.a.		
Vessel	Yes	<3	Low	n.a.		

PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

Current Valuation

Licence Value at March 31, 2006

<i>Licence Category</i>	<i>Avg. Licence Value (\$)</i>	<i>Total Licences</i>	<i>Total Value, All Licences (\$millions)</i>
AT - Full Fee	145,000	494	71,623,000
AT - Reduced Fee	123,250	23	2,834,750
AT Licences	144,032	517	74,464,750

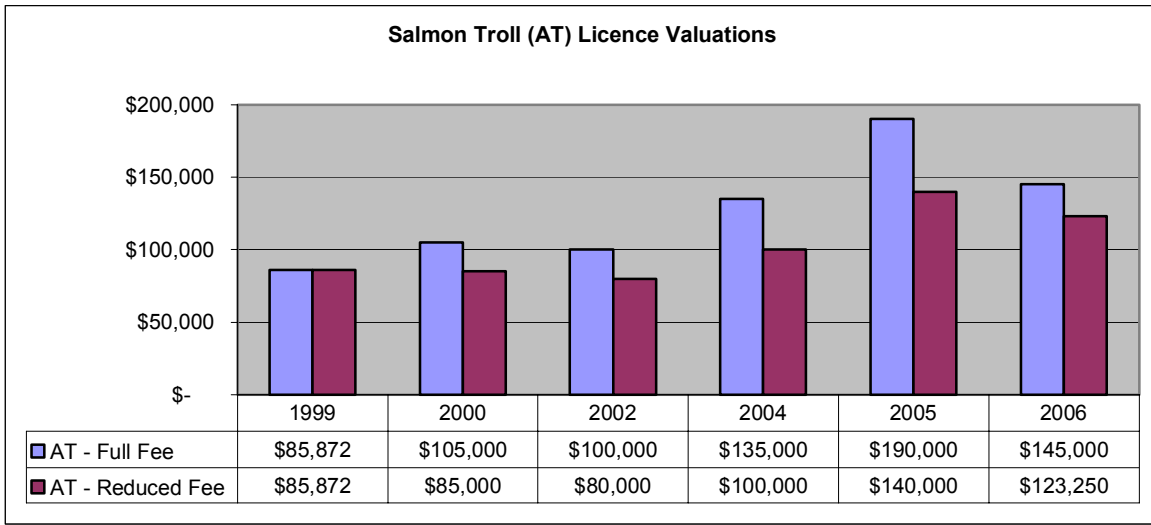
- Licence values softened during the year. Last years values were \$190,000/\$140,000.
- There was far less trading activity uncovered than in last years study.
- Values are now more linked to performance of the fishery than to speculation about buy-back and quota implementation.
- Average vessel length approx. 40 feet; length is not a major valuation factor
- The ATP purchased a single licence, for a substantial premium over the indicated March 31, 2006 valuation.
- Due to pilot individual quota programs in 2006, small quota leasing opportunities have arisen: chinook in Area F (about \$9,000 for the fish entitlement) and sockeye in Area G (about \$3 per fish). These markets are small, not well-developed, and may be transitory.

Vessel Value

Vessel counts exclude F licences and are best-estimates.

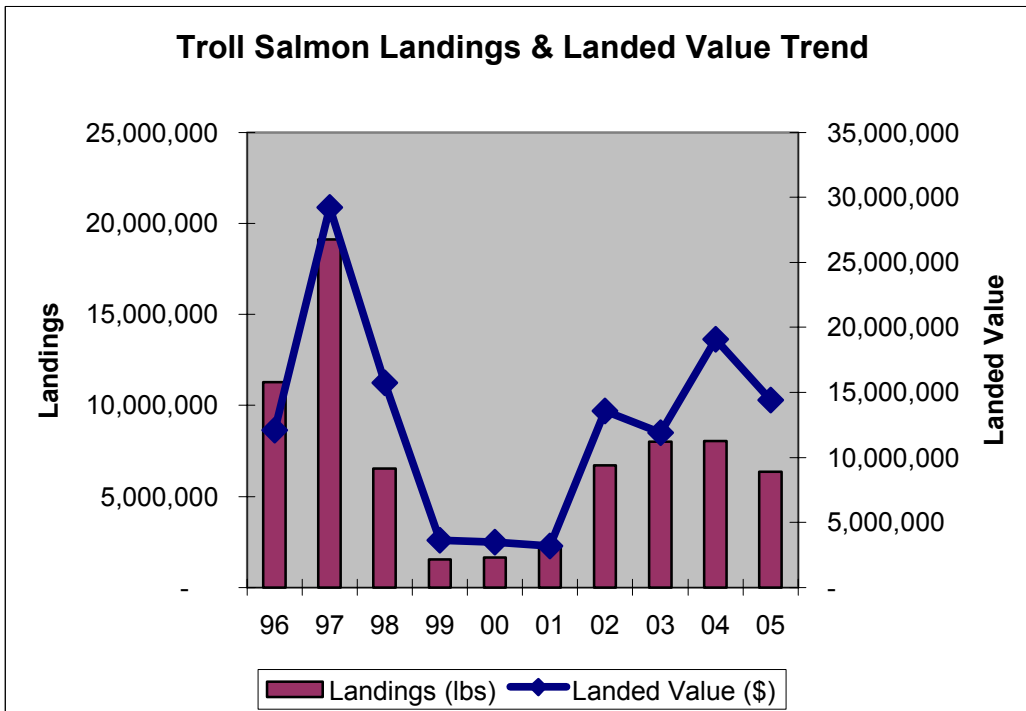
Vessel Type		Classic Style			Modern Style		Total / Average
		<i>Wood</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	
Inside Waters / Smaller Vessel	Est # Vessels	14	5	1	7	-	27
	Unit Value	15,000	25,000	40,000	75,000	-	33,333
	Aggregate Val.	210,000	125,000	40,000	525,000	-	900,000
Outside Waters / Larger Vessel	Est # Vessels	228	141	16	27	4	416
	Unit Value	35,000	50,000	75,000	150,000	175,000	50,433
	Aggregate Val.	7,980,000	7,050,000	1,200,000	4,050,000	700,000	20,980,000
Total / Average	Est # Vessels	242	146	17	34	4	443
	Average Value	33,843	49,144	72,941	134,559	175,000	49,391
	Aggregate Val.	8,190,000	7,175,000	1,240,000	4,575,000	700,000	21,880,000

Valuation Trends



- The “spike” in 2005 valuation was a result of quota speculation arising from the “Pearse-McRae” report and optimism from promising pilot IQ tests in the fishery.

Landings & Landed Value Trends



<i>Avg Landings per Licence (lbs, 2005)</i>	11,781
<i>Avg Landed Value/Licence (2005):</i>	\$ 26,757

- Changes in DFO’s commercial salmon management policy post-1997 have resulted in lower levels of landings and landed values in the recent past (coho conservation, precautionary management, SARA, wild salmon policy). However, troll fishery results have rebounded more than in the net fishery.

Outlook

- The sense of “buoyancy” that prevailed in the troll licence market in 2005 has dissipated somewhat in 2006.
- The outlook for commercial salmon fisheries remains “cloudy:”
 - Uncertain access to the resource (allocation issues, SARA, Wild Salmon Policy).
 - Market challenges and opportunities.
 - Rising costs (eg. fuel).
 - Volatile ocean conditions and salmon returns.
 - Prospects for industry rationalization that may bring both improved business performance and further reduce participation in the fishery.

ROE HERRING SEINE

General Description

<i>Licence Designation</i>	HS
<i>Nature of Licence</i>	Party based – individual, corporation, or band may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	248
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	4 (FHS designation)
<i>Licensing/Management Framework</i>	Area Licensing – holder annually selects a fishing area. Pool fishery – licensed vessels are organized into pools in order to avoid quota overages; each licence in a given area receives the same entitlement of fish. Two licences per vessel allowed (three or four in special circumstances). Minimum of 8 licences per pool.
<i>Valuation Criteria (Stratification)</i>	Full fee and reduced fee licences are valued separately Vessels are stratified by size, construction material, and capability.
<i>Additional Information</i>	Active lease market for licences. There are five stock management areas: QCI, North, Central, WCVI, and Strait of Georgia.

Valuations Performed

Valuations	Purchase and Sale			Lease		
	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>
Licence	Yes	<3	Low	Yes	>20	Med-High
Quota	n.a.			n.a.		
Vessel	Yes	<3	Low	n.a.		

PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

Current Valuation

Licence Value at March 31, 2006

<i>Licence Category</i>	<i>Avg. Licence Value (\$)</i>	<i>Total Licences</i>	<i>Total Value, All Licences (\$)</i>	<i>Annual Lease Rate (\$)</i>
HS - Full Fee	225,000	196	44,100,000	5,000
HS - Reduced Fee	180,000	52	9,360,000	5,000
HS Licences	215,565	248	53,460,000	5,000

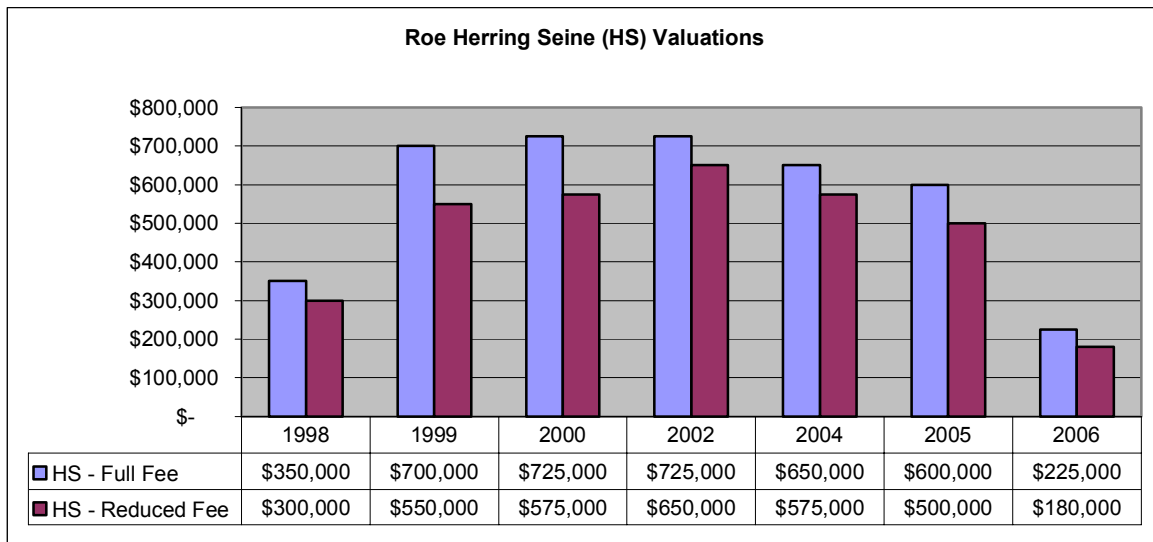
- Transaction values in this fishery have plummeted over the past year. Last year's valuations were \$600,000/500,000.
- The value of an HS licence in the current valuation is only 37.5% of that in the prior valuation.
- Current (Sept 06) values may be even lower.
- There are few transactions - tremendous uncertainty regarding values and future prospects prevails.
- Both market and resource challenges are besetting the fishery.

Vessel Value

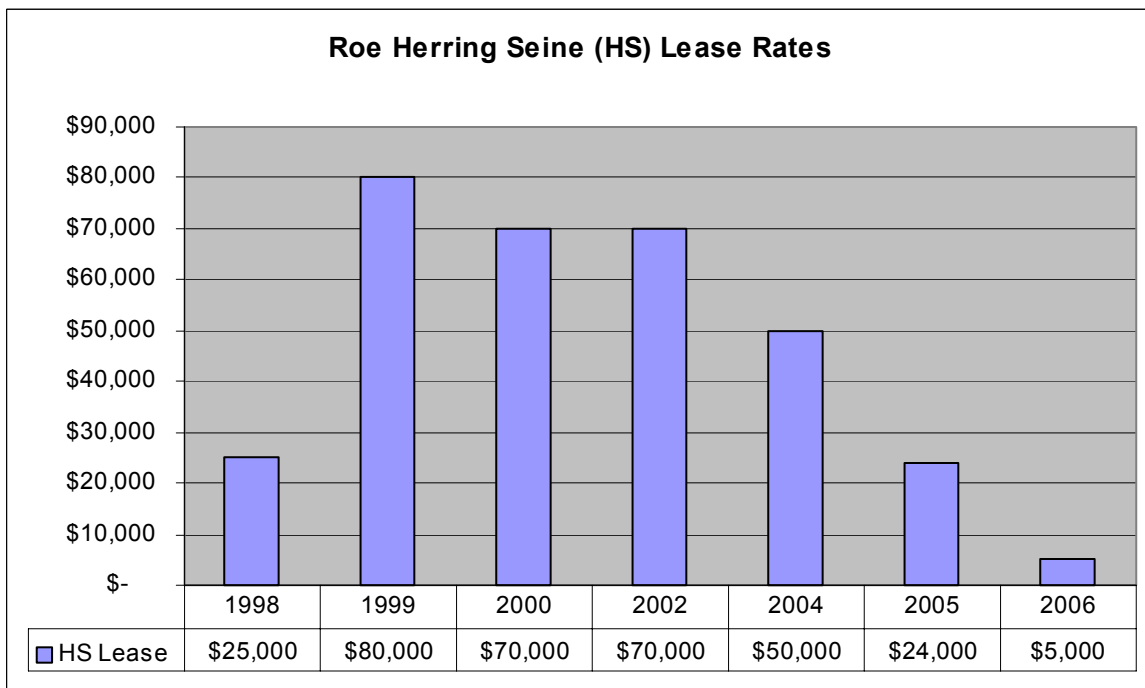
Vessel counts exclude F licences and are best-estimates.

Vessel Type		Classic Style			Modern Style		Total / Average
		<i>Wood</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	
Inside Waters / Smaller Vessel	Est # Vessels	-	-	-	2	-	2
	Unit Value	-	-	-	300,000	-	300,000
	Aggregate Val.	-	-	-	600,000	-	600,000
Outside Waters / Larger Vessel	Est # Vessels	18	13	12	36	53	132
	Unit Value	65,000	175,000	200,000	400,000	500,000	354,129
	Aggregate Val.	1,170,000	2,275,000	2,400,000	14,400,000	26,500,000	46,745,000
Total / Average	Est # Vessels	18	13	12	38	53	134
	Average Value	65,000	175,000	200,000	394,737	500,000	353,321
	Aggregate Val.	1,170,000	2,275,000	2,400,000	15,000,000	26,500,000	47,345,000

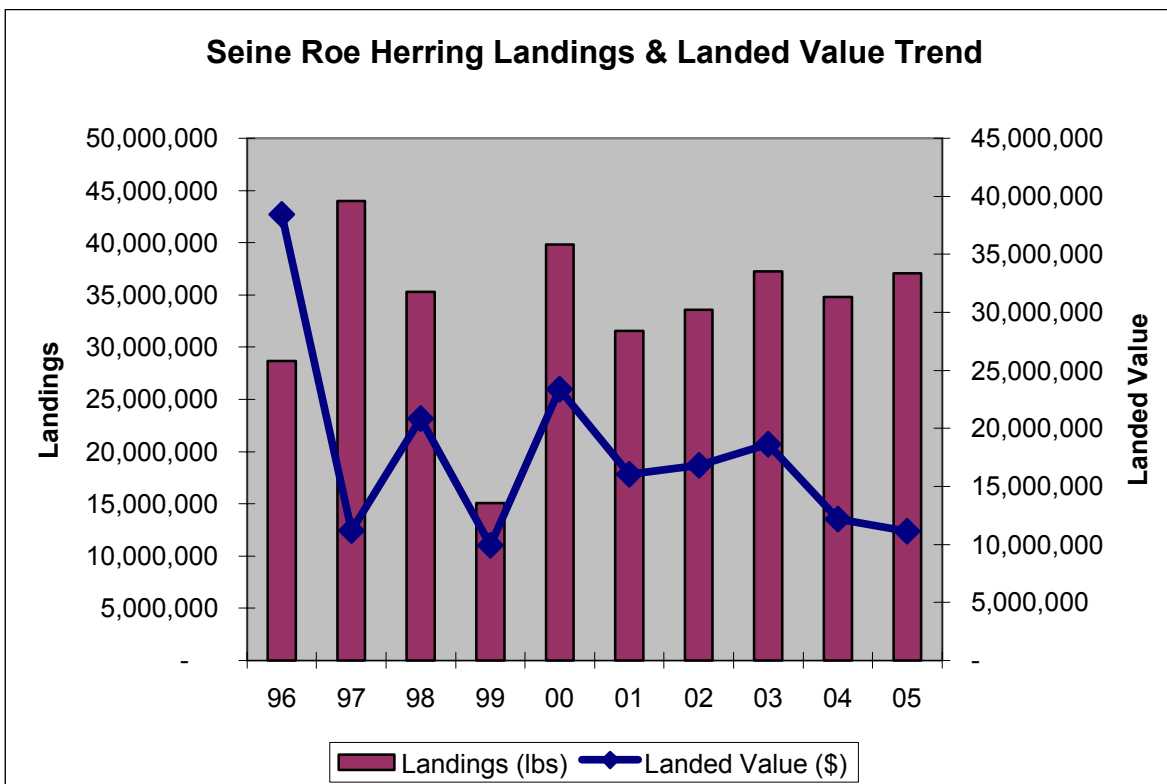
Valuation Trends



- The erosion in values seen since 2002 is a result of weakening market conditions in Japan for BC roe.



Landings & Landed Value Trends



- NOTE - the contractor lacks confidence in the 1999 data point (landings and values appear too low)

<i>Avg Landings per Licence (lbs, 2005)</i>	147,242
<i>Avg Landed Value/Licence (2005):</i>	\$ 44,172

Outlook

- Both licence values and lease rates have dropped dramatically in recent years. A strengthening Canadian dollar (relative to the yen) and weakening Japanese demand are largely responsible.
- At 2006 (and expected 2007) volumes and prices, the viability of the fishery is highly marginal.
- Three consecutive years of weakening markets is cause for concern; long-term market outlook is uncertain.
- Short-term resource issues only exacerbate the negativity prevailing in the roe herring fishery.

ROE HERRING GILLNET

General Description

<i>Licence Designation</i>	HG
<i>Nature of Licence</i>	Party based – individual, corporation, or band may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	1239
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	29 (FH) designation
<i>Licensing/Management Framework</i>	Area Licensing – holder annually selects a fishing area. Pool fishery – organized into pools in order to avoid quota overages; each licence in a given area receives the same entitlement of fish. Minimum of 4 licences per pool.
<i>Valuation Criteria (Stratification)</i>	Full fee and reduced fee licences are valued separately. Skiffs/punts are stratified by size and capability; because DFO does not formally track skiffs used in this fishery, valuation is a rough estimate of fleet size and composition.
<i>Additional Information</i>	Active lease market for licences. Licences are operated on punts and skiffs. There are five stock management areas: QCI, North, Central, WCVI, and Strait of Georgia.

Valuations Performed

Valuations	Purchase and Sale			Lease		
	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>
Licence	Yes	5-10	High	Yes	>100	High
Quota	n.a.			n.a.		
Vessel	Yes	<3	Low	n.a.		

PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

Current Valuation

Licence Value at March 31, 2006

<i>Licence Category</i>	<i>Avg. Licence Value (\$)</i>	<i>Total Licences</i>	<i>Total Value, All Licences (\$)</i>	<i>Annual Lease Rate (\$)</i>
HG - Full Fee	40,000	915	36,600,000	3,000
HG - Reduced Fee	27,500	324	8,910,000	3,000
HG Licences	36,731	1,239	45,510,000	3,000

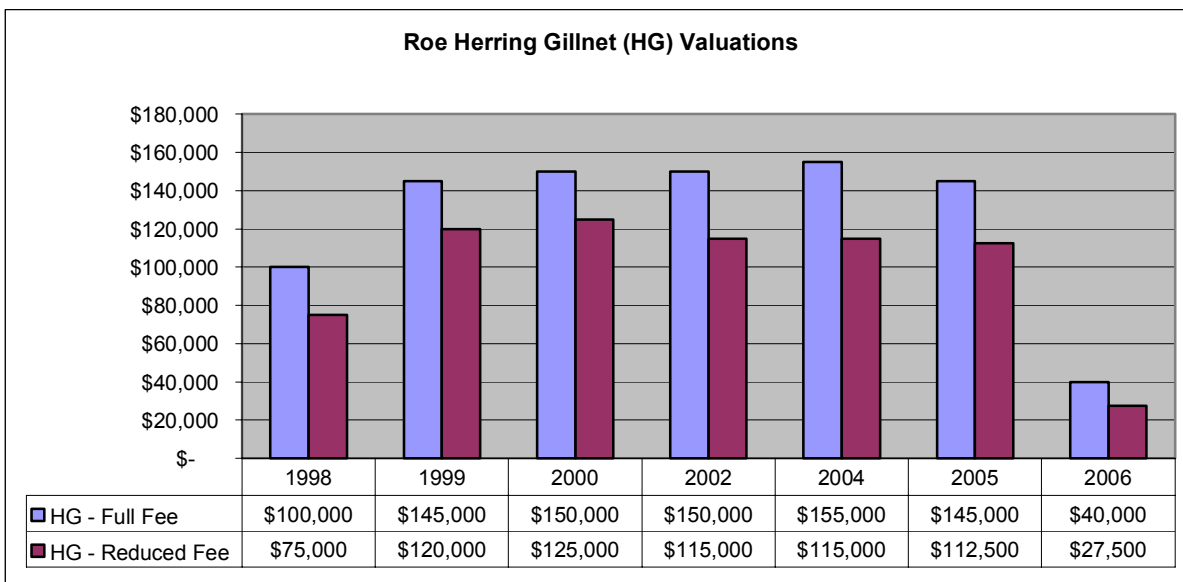
- Transaction values in this fishery have plummeted over the past year. Last year's valuations were \$145,000/112,500.
- The value of an HG licence in the current valuation is only 27.5% of that in the prior valuation.
- There are few transactions - tremendous uncertainty regarding values and future prospects prevails.
- Both market and resource challenges are besetting the fishery.

Vessel Value

Vessel counts exclude F licences and are best-estimates.

Vessel Type		Classic Style			Modern Style		Total / Average
		<i>Wood</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	
Inside Waters / Smaller Vessel	Est # Vessels	-	100	-	-	-	100
	Unit Value	-	10,000	-	-	-	10,000
	Aggregate Val.	-	1,000,000	-	-	-	1,000,000
Outside Waters / Larger Vessel	Est # Vessels	-	130	-	170	-	300
	Unit Value	-	25,000	-	65,000	-	47,667
	Aggregate Val.	-	3,250,000	-	11,050,000	-	14,300,000
Total / Average	Est # Vessels	-	230	-	170	-	400
	Average Value	-	18,478	-	65,000	-	38,250
	Aggregate Val.	-	4,250,000	-	11,050,000	-	15,300,000

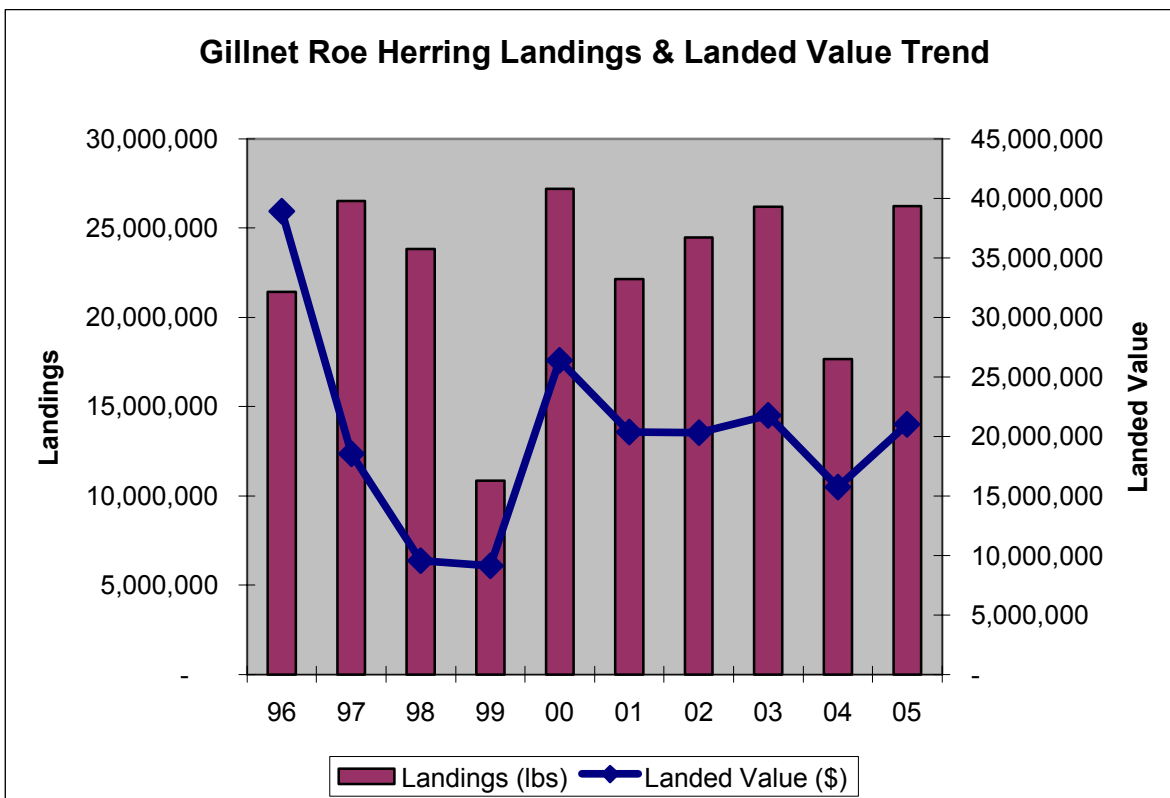
Valuation Trends



- The erosion in values seen since 2002 is a result of weakening market conditions in Japan for BC roe.



Landings & Landed Value Trends



<i>Avg Landings per Licence (lbs, 2005)</i>	20,689
<i>Avg Landed Value/Licence (2005):</i>	\$ 16,551

Outlook

- Both licence values and lease rates have dropped dramatically in recent years. A strengthening Canadian dollar (relative to the yen) and weakening Japanese demand are largely responsible.
- At 2006 (and expected 2007) volumes and prices, the viability of the fishery is highly marginal.
- Three consecutive years of weakening markets is cause for concern; long-term market outlook is uncertain.
- Short-term resource issues only exacerbate the negativity prevailing in the roe herring fishery

HERRING SPAWN ON KELP

General Description

<i>Licence Designation</i>	J
<i>Nature of Licence</i>	Party based – individual, corporation, or band may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	36
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	3 (FJ designation) An additional 7 FJ licences are issued annually to the Heiltsuk.
<i>Licensing/Management Framework</i>	Quota system – each licence entitled to harvest 16,000 lbs (8 short tons) of product. Licences are not technically transferable
<i>Valuation Criteria (Stratification)</i>	Each licence is assumed to hold the same value. No vessel valuation provided for this fishery. Vessel mix varies by-operation and year-to-year.
<i>Additional Information</i>	Each licence is associated with a particular operating area; licences must be operated in that area Valuation is extremely imprecise, since there are no recognized transactions.

Valuations Performed

Valuations	Purchase and Sale			Lease		
	Valuation Conducted?	Sample Size	Confidence Level	Valuation Conducted?	Sample Size	Confidence Level
Licence	Yes	<3	Very Low	n.a.		
Quota	n.a.			n.a.		
Vessel	n.a.			n.a.		

Current Valuation

Licence Value at March 31, 2006

Licence Category	Value per Licence	# Licences	Total Value, All Licences (\$)
Spawn on Kelp (J) Licence	\$ 275,000	36	9,900,000

- Valuation in this fishery has nose-dived vs. the prior year, when J licence value was pegged at \$500,000.
- Valuation is based on discussion of values with industry participants.

PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

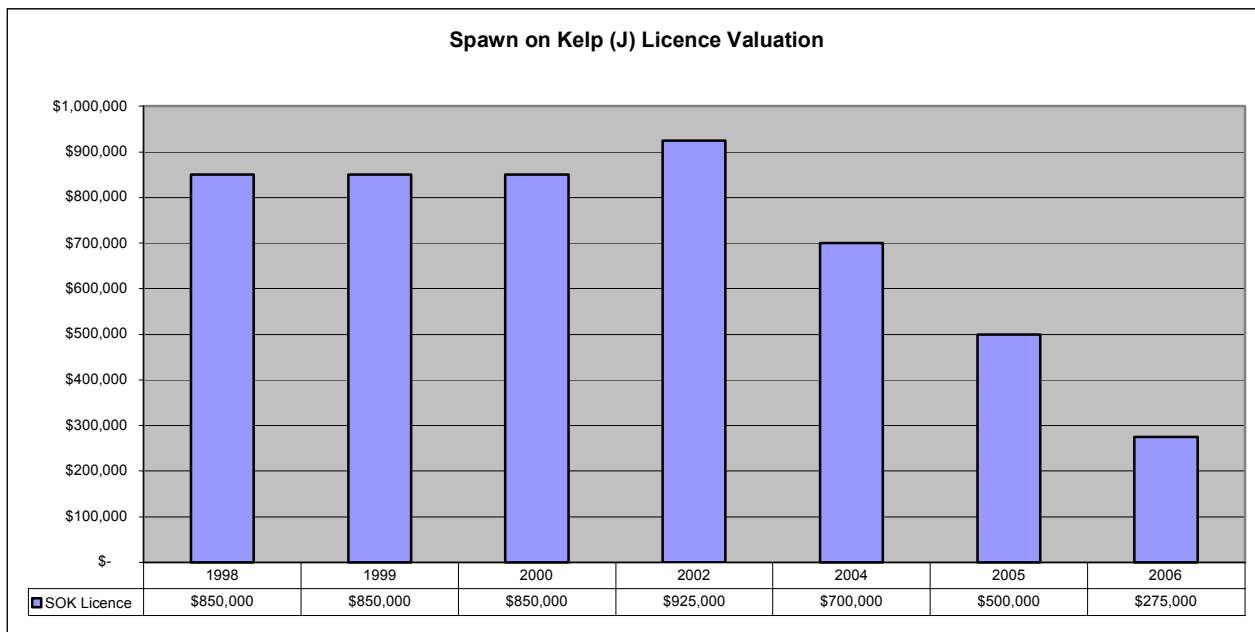
- Industry reports indicate that 22 licences were not fished this year, due to expected poor performance.
- The market for finished product remains very weak (\$6-8 per lb.), insufficient to allow for profitable operations.
- An ATP purchase this year was markedly higher than the indicated valuation (more than 100%).

Vessel Value

- No valuation provided, since no specific vessels are associated with a licence

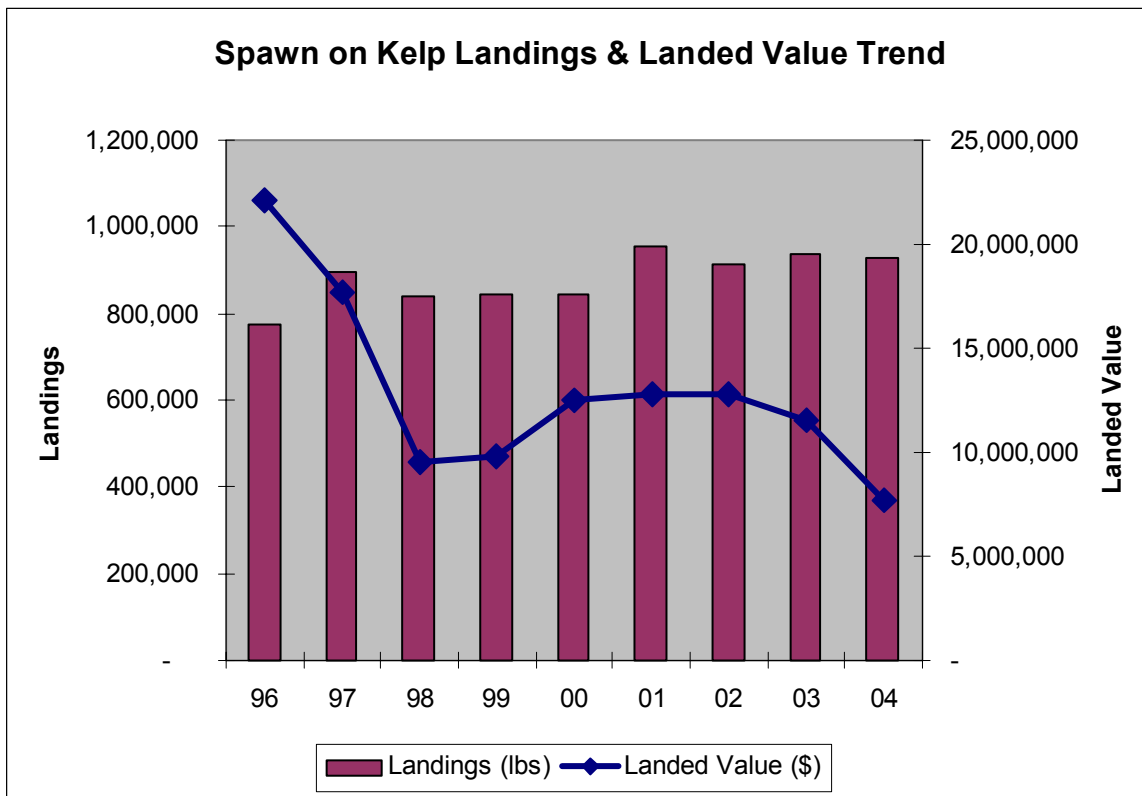
Valuation Trends

- Note that each valuation shown below is a “best guess”... not based on tangible transactions.



- Rapidly eroding licence valuation estimates are a result of a softening Japanese market for BC spawn on kelp.

Landings & Landed Value Trends



<i>Avg Landings per Licence (lbs, 2004)</i>	20,373
<i>Avg Landed Value/Licence (2004):</i>	\$ 166,435

- There is no landings or landed value data for 2005. It is believed that the 2005 saw a decline in both landings and landed value vs. the prior season.

Outlook

- The problems in the SOK fishery mirror those seen in the roe herring fisheries:
 - Soft markets (Japan)
 - Short term downturn in herring stocks
 - Inability to mount profitable operations given prices, costs, and resource abundance
- The immediate or long-term market outlook is extremely uncertain.

HALIBUT

General Description

<i>Licence Designation</i>	L
<i>Nature of Licence</i>	Vessel based – vessel owner may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	407
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	29 (FL designation, Party-based)
<i>Licensing/Management Framework</i>	<p>Quota management system. Quota is separable from licence and divisible into one-pound increments. Quota can be re-allocated (transferred) amongst L licensed vessels on a temporary or permanent basis (FL's temporary only). Vessel must hold a halibut licence to hold or fish halibut. There is a minimum quantity of quota to be held on L licences (permanent allocation); see Management Plan for details.</p>
<i>Valuation Criteria (Stratification)</i>	<p>Licences are valued on a per-foot basis; quota is valued on a per-pound basis. Vessels are stratified by size, construction material, and capability</p>
<i>Additional Information</i>	<p>About half, or 200, of the L-licensed fleet actively fish for halibut. Quotas and harvests have been relatively stable in recent years (10-12 million pound range). Quota in current management plan is 11.66 million pounds. Vessel-based licence allows harvest of Schedule II species and transporting (packing).</p>

Valuations Performed

Valuations	Purchase and Sale			Lease		
	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>
Licence	Yes	<3	Low	n.a.		
Quota	Yes	5-10	High	Yes	10-15	High
Vessel	Yes	<3	Low	n.a.		

Current Valuation

Licence & Quota Value at March 31, 2006

<i>Licence Category</i>	<i>Value per Foot / lb of Quota (\$)</i>	<i>Est # Feet / Lbs of Quota</i>	<i>Total Value, All Licences (\$)</i>	<i>Annual Lease Rate (\$)</i>
Halibut (L) Licence	1,300	17,338	22,539,660	n.a.
Halibut Quota	29.00	11,631,200	337,304,800	2.15
Halibut Lic / Quota Value			359,844,460	

- Average vessel length is assumed to be 42.6 feet; average licence value \$53,380.
- Active fishers leasing quota have continued to show strong resistance to high lease prices, causing lease rates to fall, particularly from 2004 levels.
- Quota valuation is down from last year’s level of \$35 per pound. This could be attributed to a “correction” from an over-heated market in 2005, the influence of lower lease rates on quota value, and the implementation of the three-year pilot integrated groundfish program.
- The ATP was an active buyer this year, purchasing six blocks of quota at a price averaging \$29 per lb. (consistent with this years’ valuation).

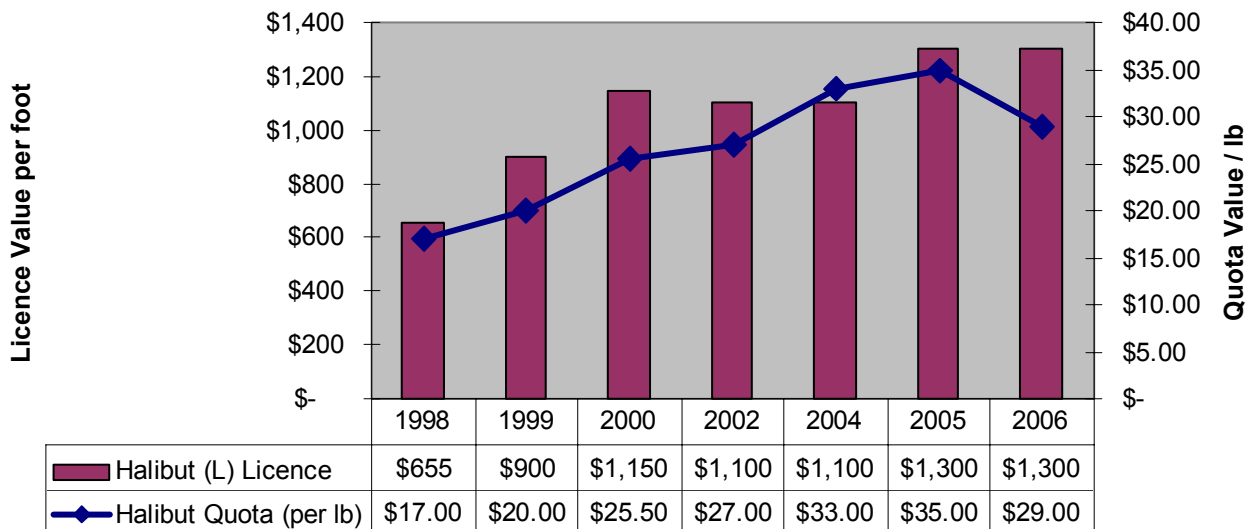
Vessel Value

Vessel counts exclude F licences and are best-estimates.

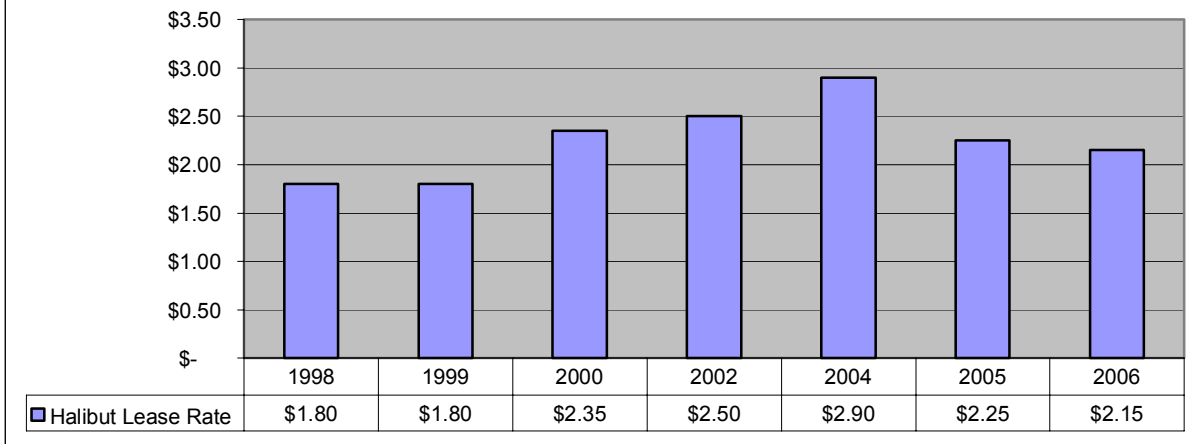
Vessel Type		Classic Style			Modern Style		Total / Average
		<i>Wood</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	
Inside Waters / Smaller Vessel	Est # Vessels	26	46	-	22	1	95
	Unit Value	15,000	50,000	-	100,000	125,000	52,789
	Aggregate Val.	390,000	2,300,000	-	2,200,000	125,000	5,015,000
Outside Waters / Larger Vessel	Est # Vessels	99	120	20	50	23	314
	Unit Value	35,000	80,000	100,000	300,000	400,000	125,414
	Aggregate Val.	3,465,000	9,600,000	2,000,000	15,000,000	9,200,000	39,380,000
Total / Average	Est # Vessels	125	166	20	72	24	407
	Average Value	30,840	71,687	100,000	238,889	388,542	108,545
	Aggregate Val.	3,855,000	11,900,000	2,000,000	17,200,000	9,325,000	44,280,000

Valuation Trends

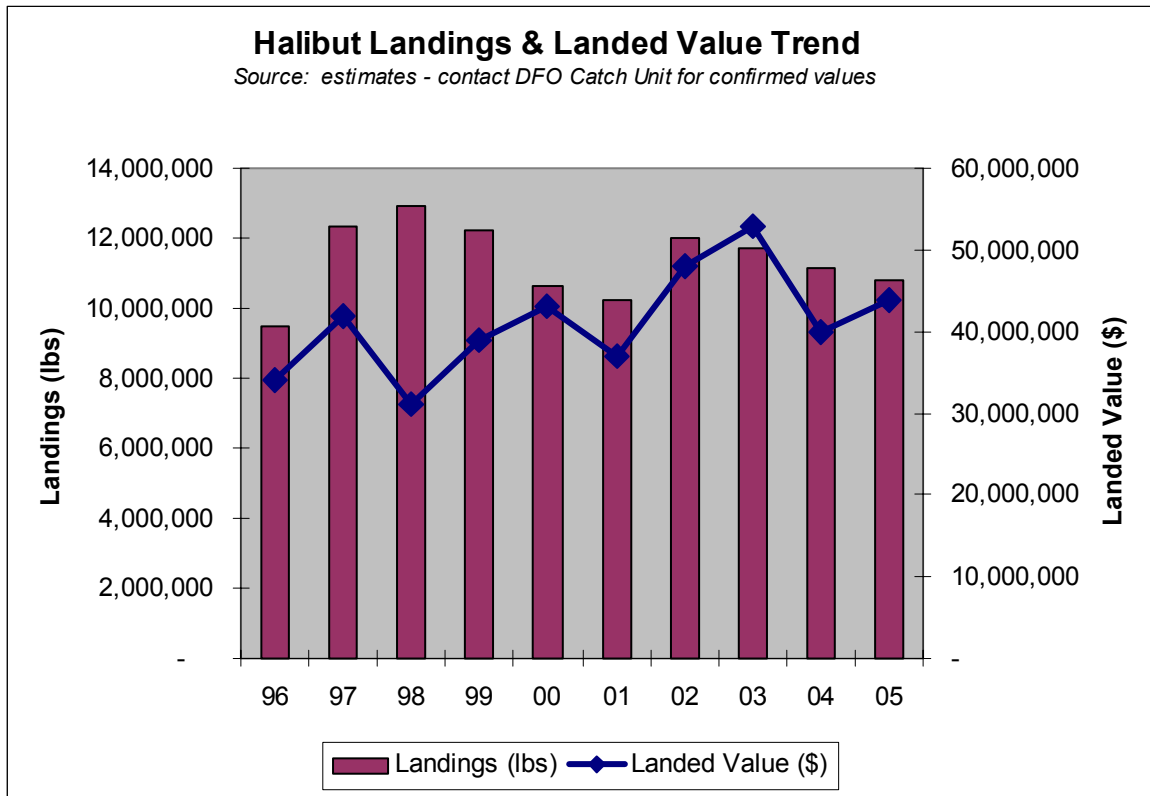
Halibut Licence and Quota Valuations



Halibut Quota Lease Rate Valuations (per lb.)



Landings & Landed Value Trends



<i>Avg Landings per Licence (lbs, 2005)</i>	24,741
<i>Avg Landed Value/Licence (2005):</i>	\$ 100,298

Outlook

- Halibut remains a fundamentally strong fishery, with a stable, well-managed resource, and generally firm markets.
- The halibut industry is currently learning to adjust to pilot Groundfish Integration program:
 - 100% electronic monitoring
 - accountability for all rockfish bycatch
 - trading of groundfish species amongst groundfish sectors (halibut, sablefish, groundfish trawl, rockfish (ZN), lingcod, and dogfish) for bycatch purposes
 - establishing sector rules to govern access to other species, quota trading, etc.
 - developing operating procedures that work under the new program
- The pressing issue for the halibut fleet is being able to access required rockfish bycatch, at reasonable cost, to allow target halibut to be harvested cost effectively.

- It is envisioned that Groundfish Integration will improve rockfish management and conservation, with long term benefits to the fisheries.
- It is feared (by some) that Groundfish Integration may be un-necessarily complex, and may result in escalating lease rates for rockfish for bycatch purposes, compromising the economic viability of the fisheries.
- Adaptation to the Pilot Groundfish Integration program is key to the outlook for the halibut fishery.
- Impacts from implementation of the Species at Risk act are uncertain; many rockfish species sometimes encountered in the halibut fishery are currently in the SARA assessment process

SABLEFISH (BLACK COD)

General Description

<i>Licence Designation</i>	K
<i>Nature of Licence</i>	Vessel based – vessel owner may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	46
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	2 (FK designation, Party-based)
<i>Licensing/Management Framework</i>	Quota management system. Each K licence was allocated a sablefish quota (permanent % of the TAC) based on a combination of vessel length and catch history. Quota is separable from licence and divisible into one pound increments. Quota can be re-allocated (transferred) amongst K licensed vessels on a temporary or permanent basis (FK's temporary only).
<i>Valuation Criteria (Stratification)</i>	Licences are valued on a per-licence basis; quota is valued on a per-pound basis. Vessels are stratified by size, construction material, and capability
<i>Additional Information</i>	About 20 vessels actively fishing currently. Vessel-based licence allows harvest of Schedule II species and transporting (packing).

Valuations Performed

Valuations	Purchase and Sale			Lease		
	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>
Licence	Yes	<3	Low	n.a.		
Quota	Yes	3-5	Med	Yes	3-5	Med
Vessel	Yes	<3	Low	n.a.		

PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

Current Valuation

Licence & Quota Value at March 31, 2005

<i>Licence Category</i>	<i>Value per Licence / lb of Quota (\$)</i>	<i># Licences / Lbs of Quota</i>	<i>Total Value, All Licences (\$)</i>	<i>Annual Lease Rate (\$)</i>
Sablefish (K) Licence	200,000	46	9,200,000	n.a.
Sablefish Quota (j-cut)	29.00	5,122,520	148,553,080	2.25
Sablefish Value			157,753,080	

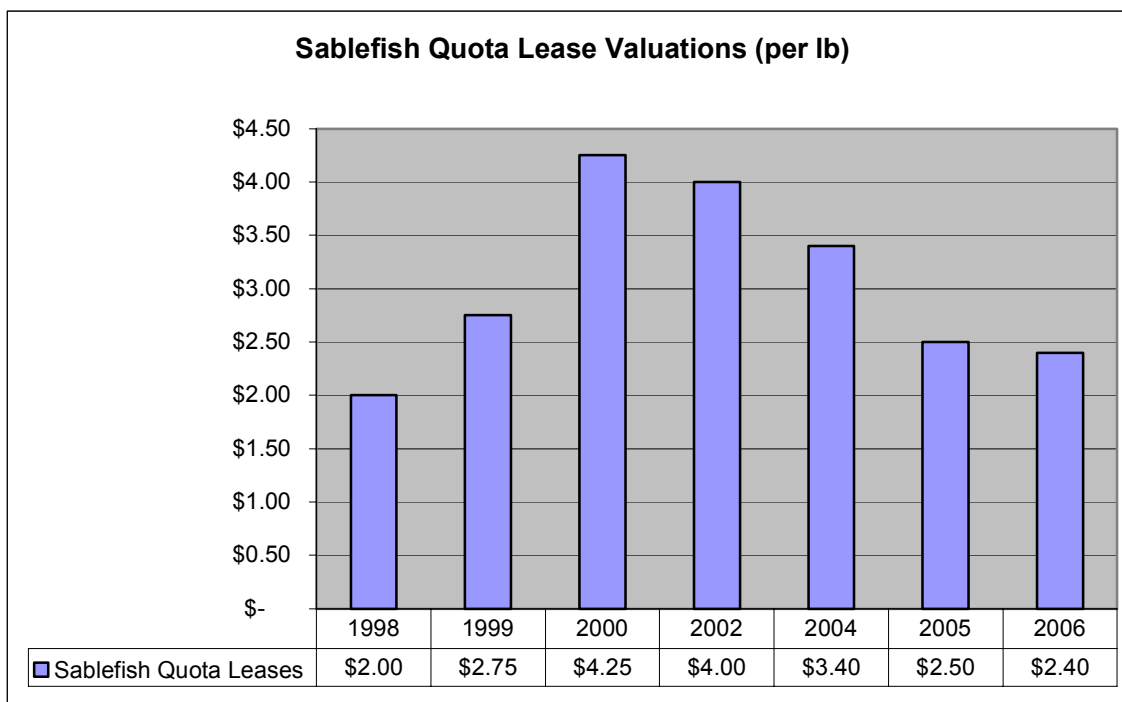
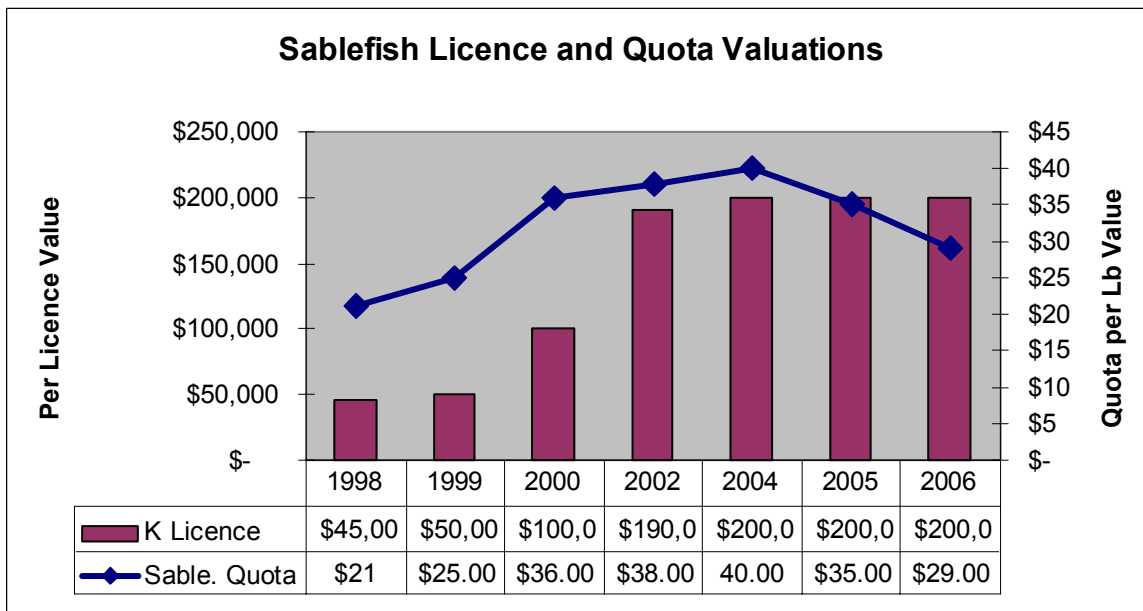
- Valuation is down from last year’s level of \$35 per lb. Quota reduction, market correction, and the effects of the Pilot Groundfish Integration proposal are attributed causes.
- Average vessel length is 63 feet.
- Quota valuations are per “j-cut” pound, which is about 68% of fresh round weight.
- Quota transactions ranged from \$28-32 per j-cut pound
- The number of reported transactions for K quota remains low.

Vessel Value

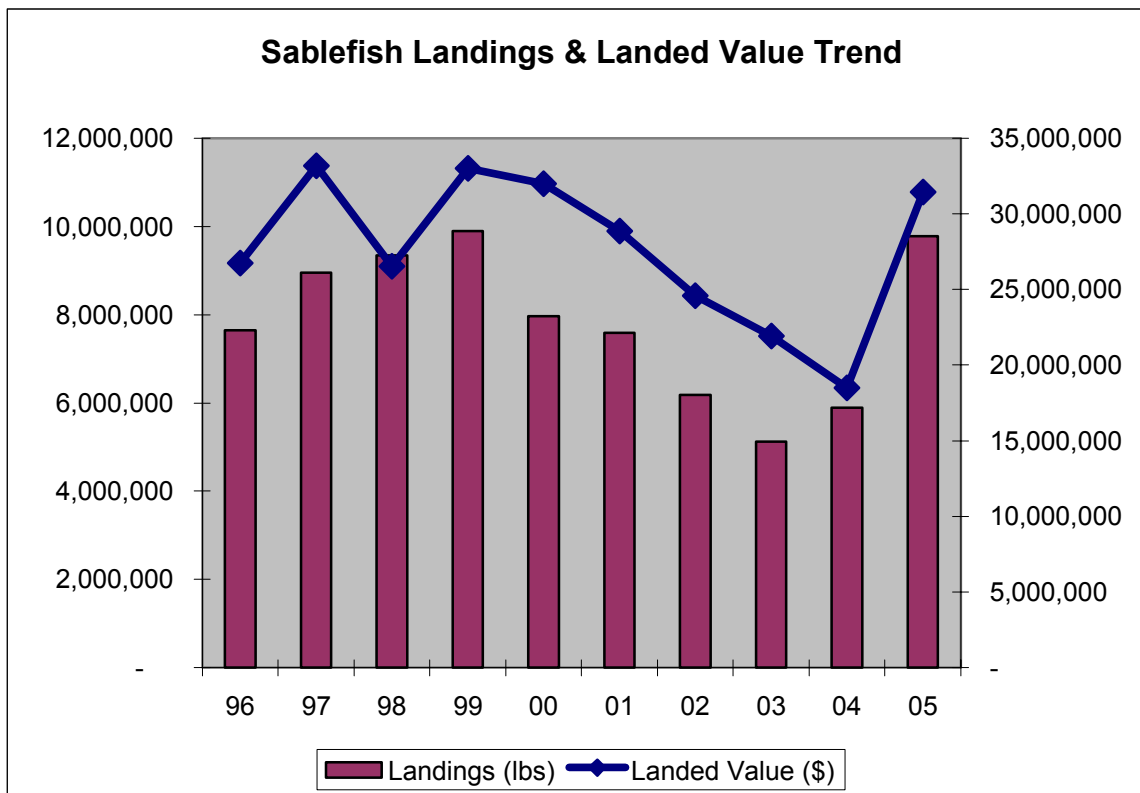
Vessel counts exclude F licences and are best-estimates.

Vessel Type		Classic Style			Modern Style		Total / Average
		<i>Wood</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	
Inside Waters / Smaller Vessel	Est # Vessels	1	2	-	4	-	7
	Unit Value	25,000	125,000	-	300,000	-	210,714
	Aggregate Val.	25,000	250,000	-	1,200,000	-	1,475,000
Outside Waters / Larger Vessel	Est # Vessels	7	7	6	6	13	39
	Unit Value	65,000	175,000	200,000	400,000	500,000	302,051
	Aggregate Val.	455,000	1,225,000	1,200,000	2,400,000	6,500,000	11,780,000
Total / Average	Est # Vessels	8	9	6	10	13	46
	Average Value	60,000	163,889	200,000	360,000	500,000	288,152
	Aggregate Val.	480,000	1,475,000	1,200,000	3,600,000	6,500,000	13,255,000

Valuation Trends



Landings & Landed Value Trends



<i>Avg Landings per Licence (lbs, 2005)</i>	203,640
<i>Avg Landed Value/Licence (2005):</i>	654,724

Outlook

- Sablefish remains a fundamentally strong fishery, with a stable, well-managed resource, and generally firm markets.
- The sablefish industry is currently learning to adjust to pilot Groundfish Integration program:
 - 100% electronic monitoring
 - accountability for all rockfish bycatch
 - trading of groundfish species amongst groundfish sectors (halibut, sablefish, groundfish trawl, rockfish (ZN), lingcod, and dogfish) for bycatch purposes
 - establishing sector rules to govern access to other species, quota trading, etc.
 - developing operating procedures that work under the new program
- The pressing issue for the sablefish fleet is being able to access required rockfish bycatch, at reasonable cost, to allow target black cod to be harvested cost effectively.

- It is envisioned that Groundfish Integration will improve rockfish management and conservation, with long term benefits to the fisheries.
- It is feared (by some) that Groundfish Integration may be un-necessarily complex, and may result in escalating lease rates for rockfish for bycatch purposes, compromising the economic viability of the fisheries.
- Adaptation to the Pilot Groundfish Integration program is a key to the outlook for the sablefish fishery.
- Industry leaders are gravely concerned about potential environmental and economic impacts of a burgeoning sablefish aquaculture industry.
- Impacts from implementation of the Species at Risk act are uncertain; many rockfish species sometimes encountered in the sablefish fishery are currently in the SARA assessment process.

GEODUCK / HORSECLAM

General Description

<i>Licence Designation</i>	G
<i>Nature of Licence</i>	Vessel based – vessel owner may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	55
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	nil
<i>Licensing/Management Framework</i>	<p>Area Licensing: three areas, the north coast, WCVI, and inside waters of Vancouver Island. Each of the 55 “G” licence eligibilities selects an area annually. The number of licence eligibilities fishing each area may change annually according to the proportion of the total quota assigned to each area.</p> <p>Licence stacking allowed, 3 licences maximum per vessel.</p> <p>Quota management – each licence may harvest 1/55 of the total quota, or 62,500 lbs in 2006</p>
<i>Valuation Criteria (Stratification)</i>	<p>Valuation is on a per-licence basis – each licence possesses the same value</p> <p>Vessels are stratified by size, construction material, and capability</p>
<i>Additional Information</i>	<p>Dive fishery.</p> <p>41 vessels currently operating the 55 licences.</p> <p>Quotas not divisible.</p> <p>Vessel-based licence allows harvest of Schedule II species and transporting (packing).</p>

Valuations Performed

Valuations	Purchase and Sale			Lease		
	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>
Licence	Yes	Nil	Very Low	Yes	<3	Med
Quota	n.a.			n.a.		
Vessel	Yes	<3	Low	n.a.		

Current Valuation

Licence Value at March 31, 2006

Licence Category	Value per Licence	# Licences	Total Value, All Licences (\$)	Annual Lease Rate (\$)
Geoduck (G) Licence	\$ 2,500,000	55	137,500,000	350,000

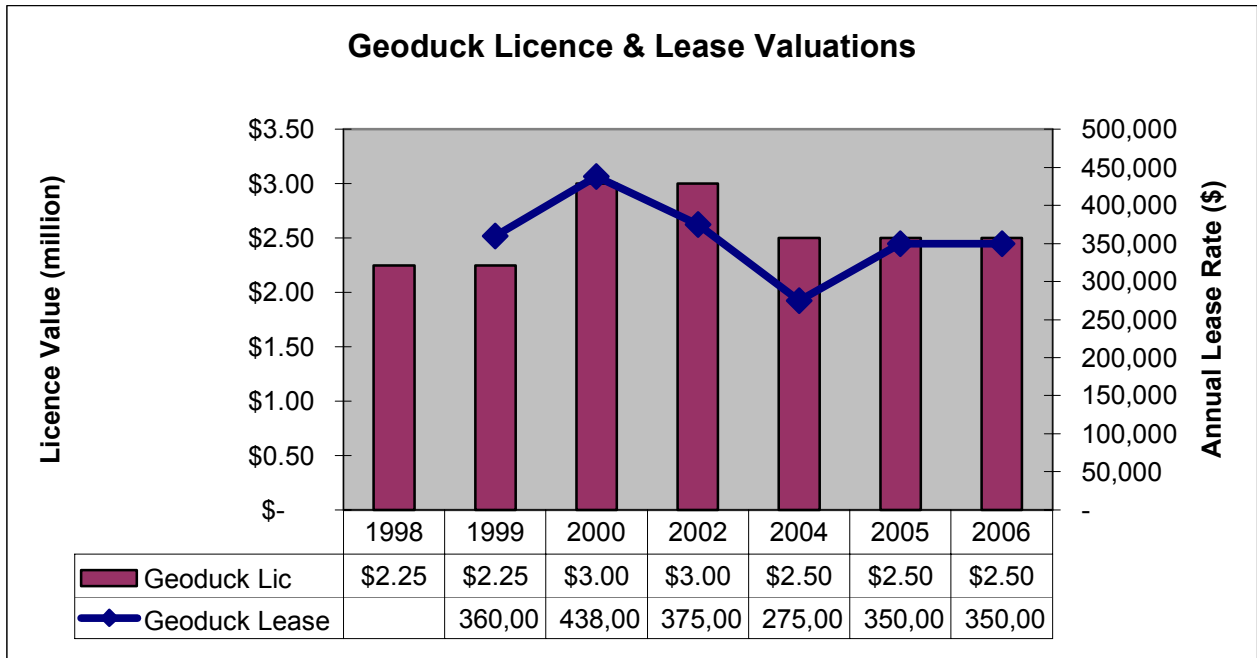
- there have been no known transactions in this fishery for several years (covering the last six valuation reports), so valuation is extremely subjective

Vessel Value

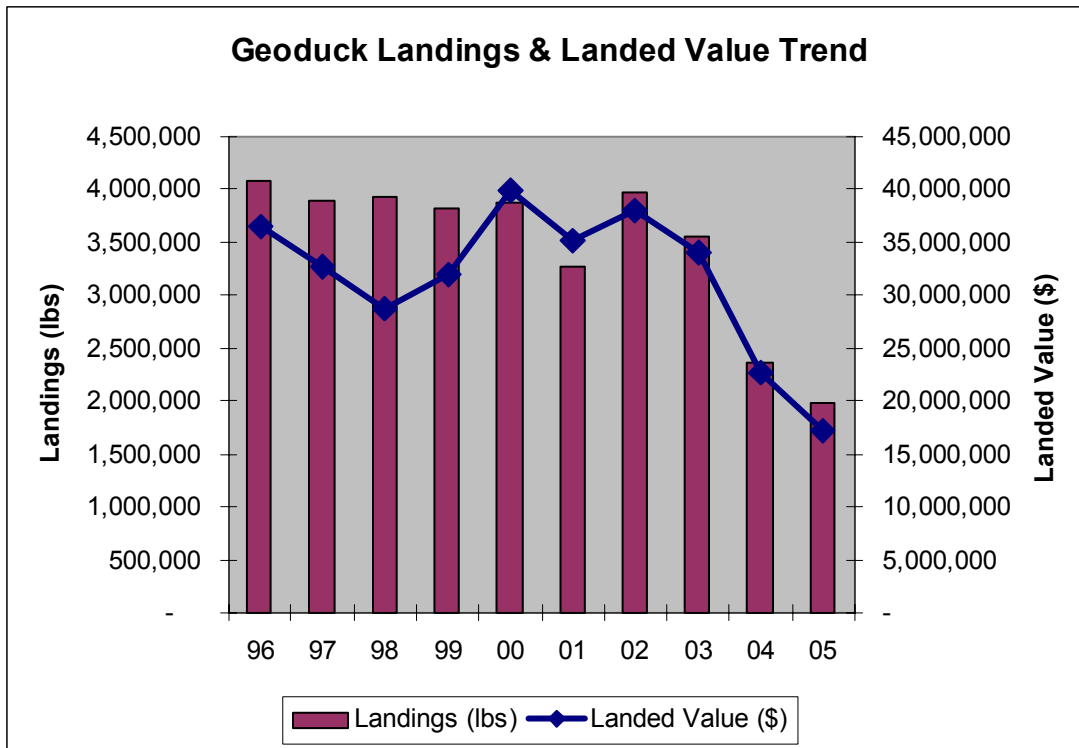
Vessel counts exclude F licences and are best-estimates.

Vessel Type		Classic Style			Modern Style		Total / Average
		Wood	Aluminum / Fibreglass	Steel	Aluminum / Fibreglass	Steel	
Inside Waters / Smaller Vessel	Est # Vessels	3	6	-	4	-	13
	Unit Value	10,000	10,000	-	75,000	-	30,000
	Aggregate Val.	30,000	60,000	-	300,000	-	390,000
Outside Waters / Larger Vessel	Est # Vessels	3	15	2	8	-	28
	Unit Value	15,000	40,000	50,000	125,000	-	62,321
	Aggregate Val.	45,000	600,000	100,000	1,000,000	-	1,745,000
Total / Average	Est # Vessels	6	21	2	12	-	41
	Average Value	12,500	31,429	50,000	108,333	-	52,073
	Aggregate Val.	75,000	660,000	100,000	1,300,000	-	2,135,000

Valuation Trends



Landings & Landed Value Trends



PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

- the contractor is not confident that 2004 and 2005 data is correct (too large a reduction in landings and landed value).

<i>Avg Landings per Licence (lbs, 2003)</i>	64,495
<i>Avg Landed Value/Licence (2003):</i>	\$ 617,691

Outlook

- Geoduck has long been a lucrative fishery, with the bulk of sales into the growing China market.
- Rapid pace of growth of the Chinese economy a positive - selling into a growing market.
- Growth of supply from Washington State, including farmed geoducks, a dampening influence.
- Impacts of the Species at Risk Act implementation: the sea otter recovery program has an adverse impact on geoduck stocks, geoducks being a favored diet of sea otters; as sea otter abundance and range grows, so does the impact on geoduck biomass.
- Overall, a well-managed fishery with a reasonably positive outlook.

SHRIMP (TRAWL)

General Description

<i>Licence Designation</i>	S
<i>Nature of Licence</i>	Vessel based – vessel owner may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	234
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	11 (FS designation, Party-based)
<i>Licensing/Management Framework</i>	Fishery managed on basis of specie quotas by area (shrimp management areas). Areas are closed to fishing once a specie harvest is reached in a given area. Only one S (or FS) licence per vessel allowed.
<i>Valuation Criteria (Stratification)</i>	Licences are valued on a per-foot basis. Vessels are stratified by size, construction material, and capability.
<i>Additional Information</i>	Competitive fishery. Poor markets for pink shrimp in recent years have meant that the majority of the licensed fleet has not participated in the fishery. Vessel based licence virtually precludes licence leasing. Vessel-based licence allows harvest of Schedule II species and transporting (packing).

Valuations Performed

Valuations	Purchase and Sale			Lease		
	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>
Licence	Yes	5-10	Med	n.a.		
Quota	n.a.			n.a.		
Vessel	Yes	<3	Low	n.a.		

Current Valuation

Licence Value at March 31, 2006

Licence Category	Value per Foot	Est # Feet	Total Value, All Licences (\$)
Shrimp Trawl (S) Licence	\$ 1,100	9,594	10,553,400

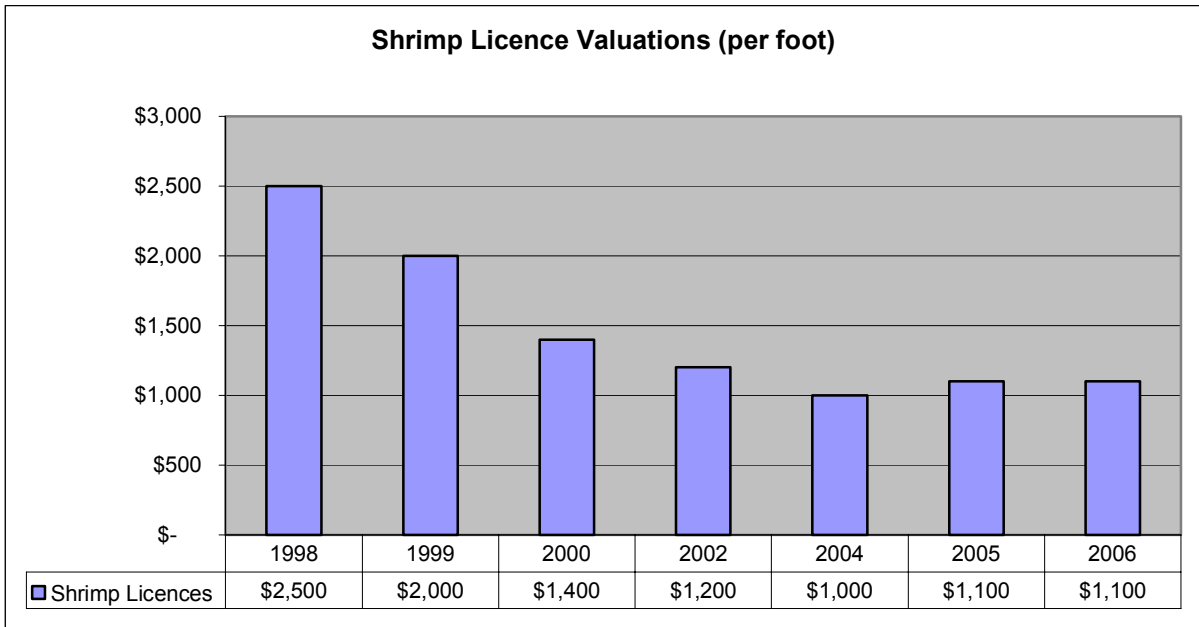
- the average vessel length is estimated at 41 feet; average licence value \$45,100
- valuation unchanged from prior year
- the fishery, as currently configured, is quite unattractive - low prices and a high cost structure make for an un-economic endeavour.
- Large licences are valued higher than average, while small licences are in the \$800-1,000 per foot range.

Vessel Value

Vessel counts exclude F licences and are best-estimates.

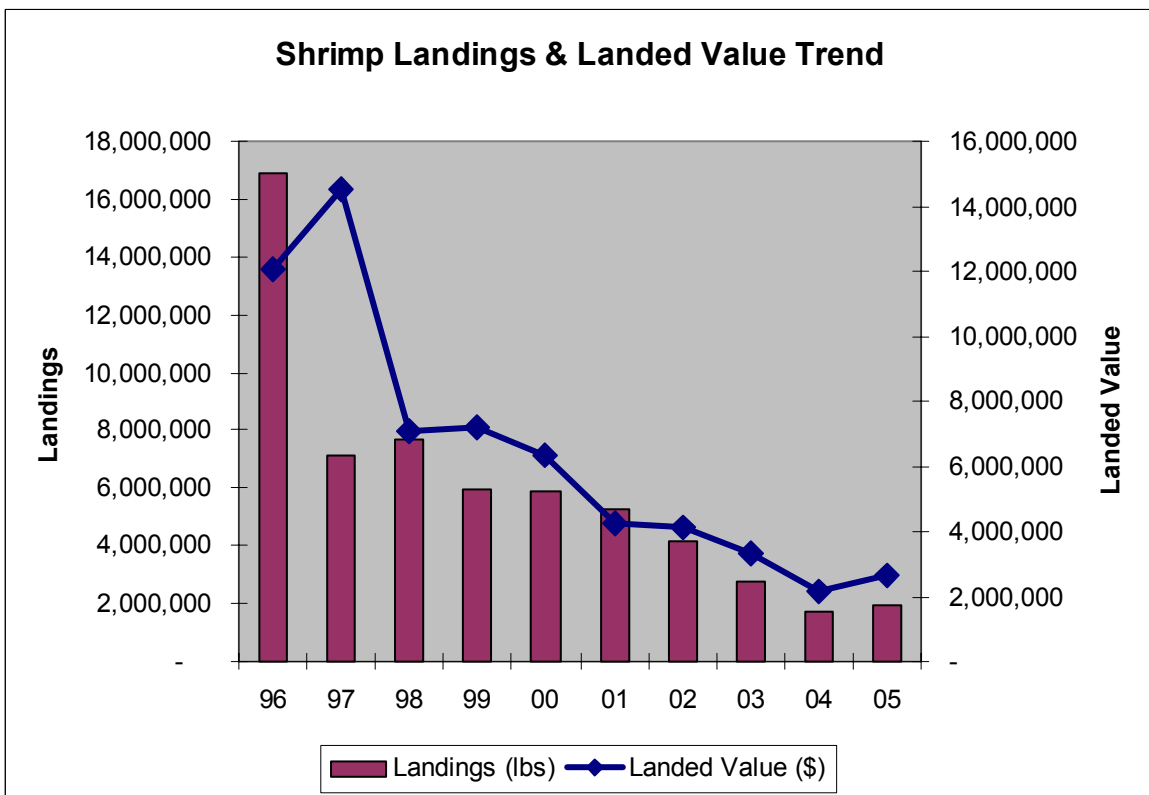
Vessel Type		Classic Style			Modern Style		Total / Average
		Wood	Aluminum / Fibreglass	Steel	Aluminum / Fibreglass	Steel	
Inside Waters / Smaller Vessel	Est # Vessels	22	31	3	6	3	65
	Unit Value	15,000	25,000	40,000	75,000	100,000	30,385
	Aggregate Val.	330,000	775,000	120,000	450,000	300,000	1,975,000
Outside Waters / Larger Vessel	Est # Vessels	31	87	15	22	14	169
	Unit Value	35,000	50,000	125,000	300,000	400,000	115,444
	Aggregate Val.	1,085,000	4,350,000	1,875,000	6,600,000	5,600,000	19,510,000
Total / Average	Est # Vessels	53	118	18	28	17	234
	Average Value	26,698	43,432	110,833	251,786	347,059	91,816
	Aggregate Val.	1,415,000	5,125,000	1,995,000	7,050,000	5,900,000	21,485,000

Valuation Trends



- The erosion in licence values is linked to reduction in the pink shrimp price received by fishermen, resulting from production gluts in other global shrimp fisheries.

Landings & Landed Value Trends



PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

<i>Avg Landings per Licence (lbs, 2005)</i>	7,844
<i>Avg Landed Value/Licence (2005):</i>	\$ 10,777

Outlook

- the BC shrimp fishery has been impacted by the development of an industrial shrimp fishery in Atlantic Canada, with prices for pink shrimp having dropped dramatically
- the fleet has access to a small volume of high-value species (eg. Side-stripe) and large quantities of low value shrimp (pink)
- the shrimp fishery has explored options for restoring financial viability in the fishery, but has been unable to implement a new fishery management regime
- in the absence of a rationalized fishery, the BC shrimp fishery will likely remain an opportunistic one.
- There is currently some feeling in the industry that the shrimp fishery will improve in the future; whether this is based on pure optimism or improving fundamentals remains to be seen.

PRAWN (TRAP)

General Description

<i>Licence Designation</i>	W
<i>Nature of Licence</i>	Vessel based – vessel owner may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	245
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	7 (FW designation, Party-based)
<i>Licensing/Management Framework</i>	Fishery managed by time and area, with trap limits (300 traps per vessel). Licence stacking – additional traps may be placed on a W licensed vessel, allowing a total of 500 traps to be deployed.
<i>Valuation Criteria (Stratification)</i>	Licences are valued on a per-foot basis. Vessels are stratified by size, construction material, and capability
<i>Additional Information</i>	Competitive fishery. Licence (trap) stacking provision creates a licence lease market. May retain octopus. Vessel-based licence allows harvest of Schedule II species and transporting (packing).

Valuations Performed

Valuations	Purchase and Sale			Lease		
	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>
Licence	Yes	5-10	Med	Yes	5-10	Med
Quota	n.a.			n.a.		
Vessel	Yes	<3	Low	n.a.		

Current Valuation

Licence Value at March 31, 2006

Licence Category	Value per Foot	Est # Feet	Total Value, All Licences (\$)	Annual Lease Rate (\$)
Prawn (W) Licence	\$ 17,500	8,943	156,493,50	45,000

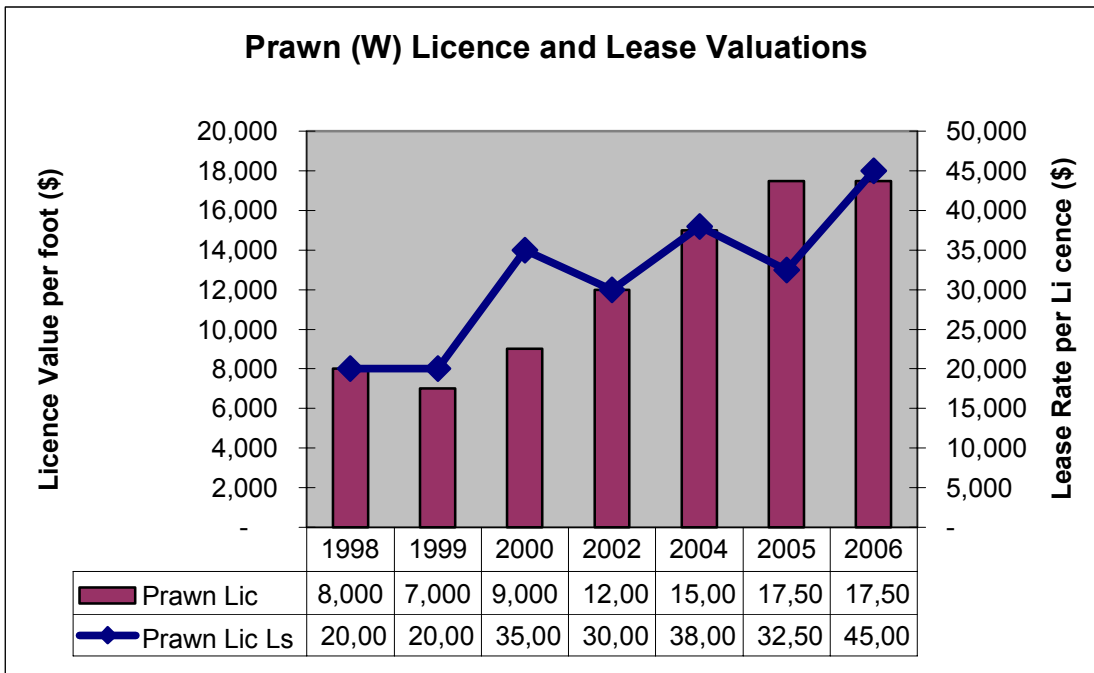
- average vessel length 36.5 feet; average licence value \$638,750.
- market is very active.
- transaction values range from \$13,000 - \$20,000+
- valuation is confounded by the fact that many W licences are married to shrimp or other licences, and that many deals are “package” deals involving multiple licences, vessels, and gear. Thus, apportionment of value to the prawn licence may be quite arbitrary.
- small licences are attractive for use as “stackers;” large licences are becoming attractive to salmon seine vessel owners seeking diversification into the prawn fishery.
- The ATP purchased a single licence for less than the indicated valuation.
- leases range from \$40,000 - \$50,000

Vessel Value

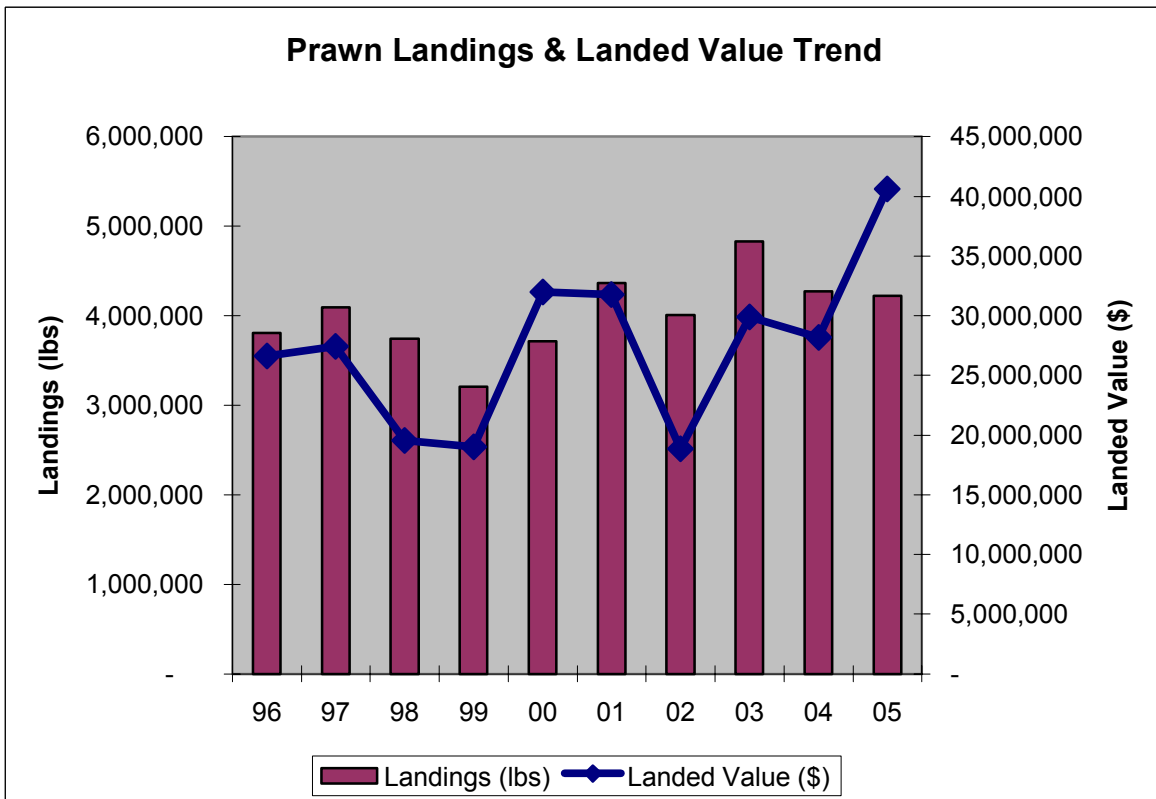
Vessel counts exclude F licences and are best-estimates.

Vessel Type		Classic Style			Modern Style		Total / Average
		Wood	Aluminum / Fibreglass	Steel	Aluminum / Fibreglass	Steel	
Inside Waters / Smaller Vessel	Est # Vessels	36	37	1	41	-	115
	Unit Value	15,000	50,000	65,000	100,000	-	57,000
	Aggregate Val.	540,000	1,850,000	65,000	4,100,000	-	6,555,000
Outside Waters / Larger Vessel	Est # Vessels	33	58	4	34	1	130
	Unit Value	35,000	80,000	100,000	300,000	400,000	129,192
	Aggregate Val.	1,155,000	4,640,000	400,000	10,200,000	400,000	16,795,000
Total / Average	Est # Vessels	69	95	5	75	1	245
	Average Value	24,565	68,316	93,000	190,667	400,000	95,306
	Aggregate Val.	1,695,000	6,490,000	465,000	14,300,000	400,000	23,350,000

Valuation Trends



Landings & Landed Value Trends



PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

<i>Avg Landings per Licence (lbs, 2005)</i>	16,765
<i>Avg Landed Value/Licence (2005):</i>	161,197

Outlook

- as demonstrated by high asset values, the prawn fishery has been successful in terms of stable or rising catches and values.
- the prawn fishery is currently constrained by the short duration of fishing seasons - a longer season could allow for improved product and market development (eg. more valuable size assortment, live product).
- the industry is currently engaged in a Future Management Options exercise to explore fishery reform for the future.
- Impacts from implementation of the Species at Risk act are uncertain.
- Wild spotted prawns have a very favorable market niche, particularly in Japan.
- The outlook for the fishery is generally positive.

GROUNDFISH TRAWL

General Description

<i>Licence Designation</i>	T
<i>Nature of Licence</i>	Vessel based – vessel owner may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	141
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	1 (FT designation, Party-based)
<i>Licensing/Management Framework</i>	Individual quotas – about 50 quotas based on species and areas – complex system. 80% of quota allocated to vessels as IVQ, and 20% allocated to vessels via the Groundfish Development Authority (see Management Plan). Quotas divisible and transferable amongst T licensed vessels on a temporary or permanent basis.
<i>Valuation Criteria (Stratification)</i>	Licences are valued on a per-foot basis, quota on a per pound basis. Groundfish and hake are valued separately. Vessels are stratified by size, construction material, and capability
<i>Additional Information</i>	100% at sea observer coverage, 100% offload monitoring coverage. Each T licence has a unique holdings cap, which influences licence value. Vessel-based licence allows harvest of Schedule II species and transporting (packing).

Valuations Performed

Valuations	Purchase and Sale			Lease		
	Valuation Conducted?	Sample Size	Confidence Level	Valuation Conducted?	Sample Size	Confidence Level
Licence	Yes	<3	Med	n.a.		
Quota	Yes	5-10	Med	Yes	5-10	Med
Vessel	Yes	<3	Low	n.a.		

Current Valuation

Licence and Quota Value at March 31, 2006

<i>Licence Category</i>	<i>Value per Foot / lb of Quota</i>	<i>Est # Feet / Lbs of Quota</i>	<i>Total Value, All Licences (\$)</i>	<i>Annual Lease Rate (\$)</i>
Groundfish Licence	\$ 1,500	8,883	13,324,500	n.a.
Groundfish Quota (uncut)	\$ 2.95	88,287,616	260,448,468	0.18
Coastwide Hake Quota	\$ 0.60	209,719,189	125,831,513	0.05
Gulf Hake Quota	\$ 0.11	22,046,000	2,245,060	n.a.
Arrowtooth Flounder Quota (Turbot)	\$ 0.50	33,069,000	16,534,500	0.02
Total			402,029,541	

- “uncut” groundfish trawl quota is down marginally from last years’ level of \$3.05, while coastwide hake quota value is up substantially (to \$0.60 per lb from \$0.35).
- Average vessel length 62 feet; average licence value \$93,000 (without quota)
- Licences with high holdings caps valued in the \$2,000/ft. range, those with low caps in \$1,000/ft. range
- quota sales range from \$2.75 - \$3.05
- no value is provided for gulf hake quota leases, as values are nominal
- Arrowtooth flounder (turbot) is now part of the IVQ program, and thus, a valuation for this quota is provided.
- In the current year, a worsening business climate (lower prices due largely to exchange rates, and rising fuel costs) acted to reduce quota values. On the other hand, the Pilot Groundfish Integration proposal, by opening up new avenues for leasing-out of rockfish, served as an inflationary influence on quota values.
- Hake products are currently enjoying strong demand and historically high product values.

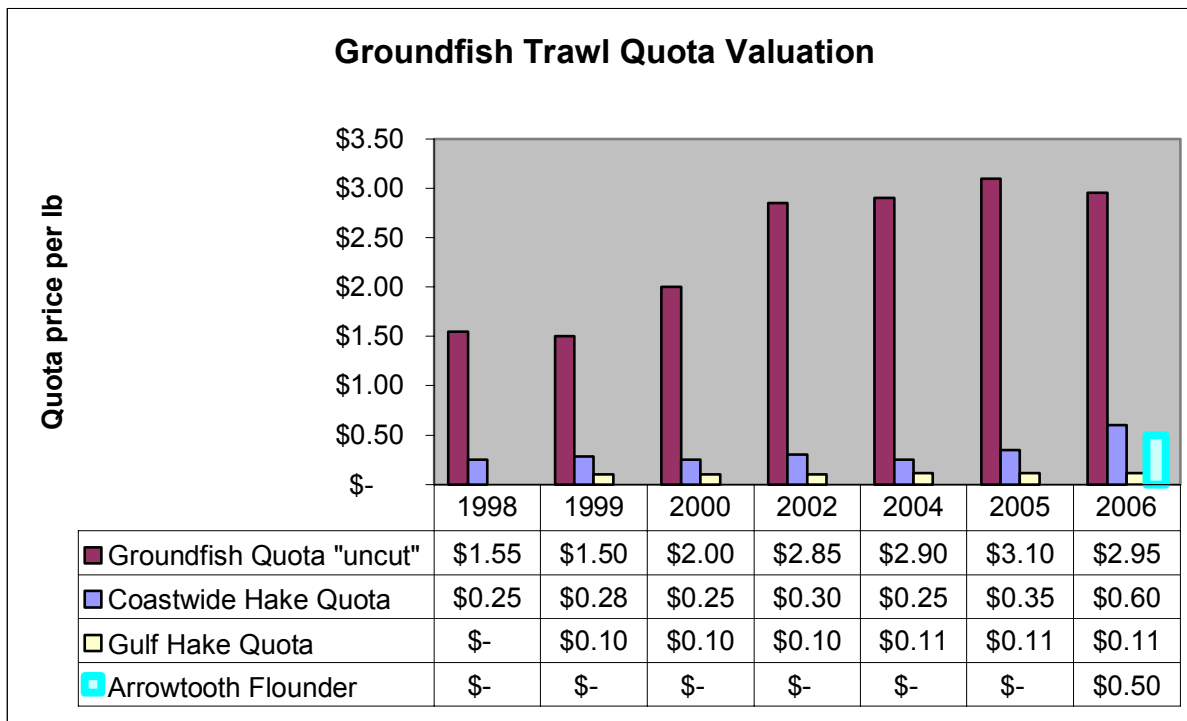
Vessel Value

Vessel counts exclude F licences and are best-estimates.

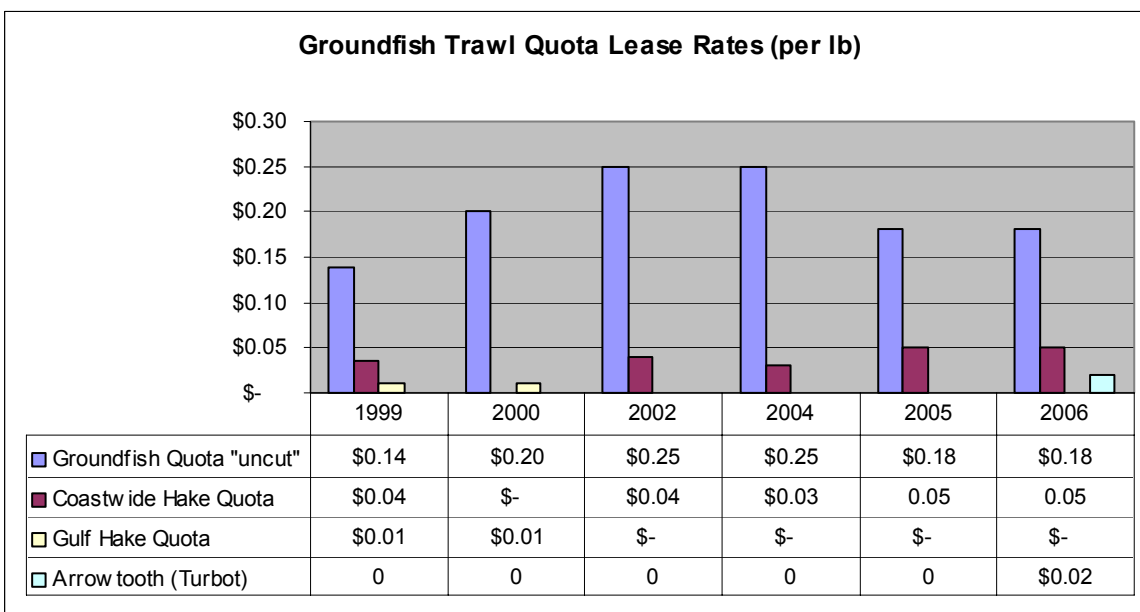
PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

Vessel Type		Classic Style			Modern Style		Total / Average
		Wood	Aluminum / Fibreglass	Steel	Aluminum / Fibreglass	Steel	
Inside Waters / Smaller Vessel	Est # Vessels	6	6	2	6	1	21
	Unit Value	15,000	60,000	65,000	200,000	300,000	99,048
	Aggregate Val.	90,000	360,000	130,000	1,200,000	300,000	2,080,000
Outside Waters / Larger Vessel	Est # Vessels	19	9	40	15	37	120
	Unit Value	65,000	175,000	300,000	400,000	600,000	358,417
	Aggregate Val.	1,235,000	1,575,000	12,000,000	6,000,000	22,200,000	43,010,000
Total / Average	Est # Vessels	25	15	42	21	38	141
	Average Value	53,000	129,000	288,810	342,857	592,105	319,787
	Aggregate Val.	1,325,000	1,935,000	12,130,000	7,200,000	22,500,000	45,090,000

Valuation Trends

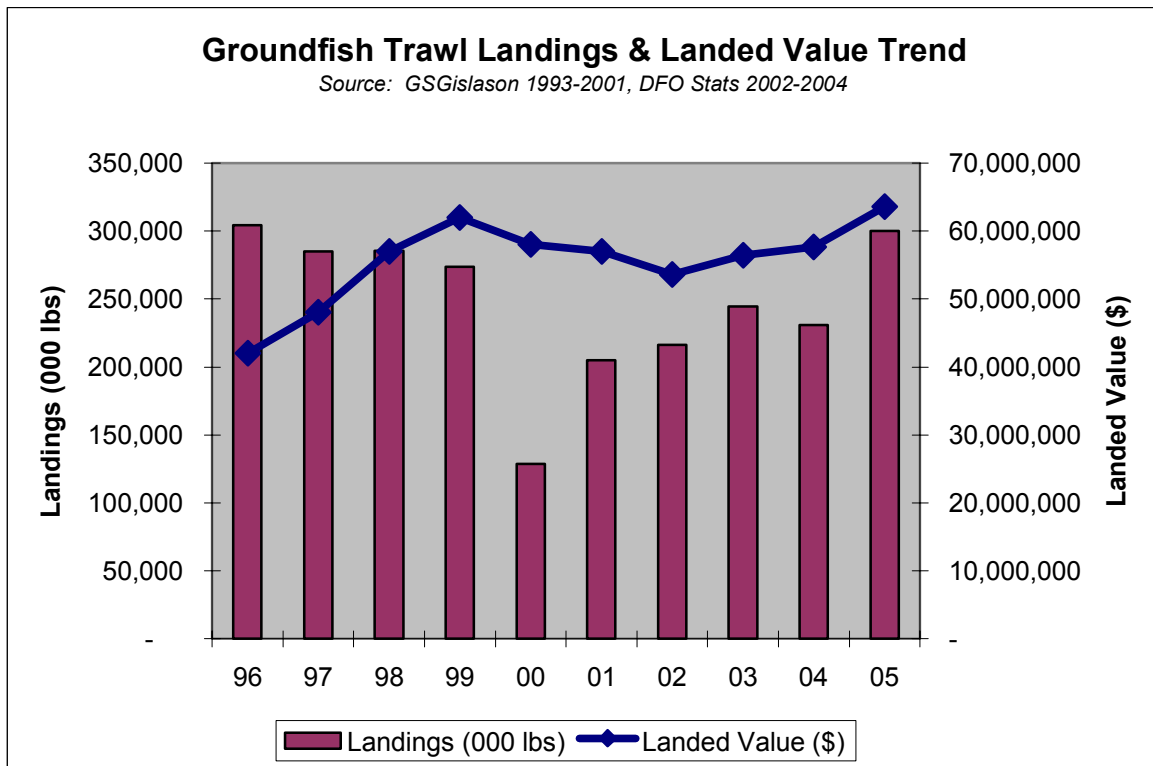


PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006



- no valuation for gulf hake in 2002, 2004, 2005, and 2006; low value and utilization by the fleet contribute to no discernable market for quota.
- With the addition of arrowtooth flounder to the IQ program, this quota is now traded.

Landings & Landed Value Trends



Avg Landings per Licence (000 lbs, 2005)	2,113
Avg Landed Value/Licence (2005):	\$ 405,941

Outlook

- Quotas are relatively stable, allowing markets to be served in a consistent manner.
- Stock outlook is largely healthy; many shorter-lived species (hake, pacific cod) have rebounded dramatically in recent years.
- The groundfish trawl sector is strongly reliant on sales of fresh groundfish fillets to the Western USA market; a strengthening of the Canadian dollar relative to US currency has had a moderating impact on ex-vessel prices. Rising fuel costs have further impaired profitability.
- The Pilot Groundfish Integration proposal has had less effect on the groundfish trawl sector than on the other groundfish sectors, since:
 - Groundfish trawl has long had 100% monitoring (at-sea observers)
 - The trawl IVQ program already featured multi-specie accountability and quota trading amongst participants
 - The bulk of rockfish quotas, the “currency” of integration, are held by the trawl fleet.

- Impacts from implementation of the Species at Risk act are uncertain; many rockfish species that are both targeted and encountered as bycatch in the groundfish trawl fishery are currently in the SARA assessment process.

CRAB

General Description

<i>Licence Designation</i>	R
<i>Nature of Licence</i>	Vessel based – vessel owner may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	206
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	16 (FR designation, Party-based)
<i>Licensing/Management Framework</i>	Area Licensing – 7 areas. No stacking allowed – must select a single area. Area re-selection generally allowed every 3 years; a re-selection was completed in September, 2005 to apply to the years 2006-08. Fishery managed on basis of time, area, size, sex, and trap limits (limits vary by area)
<i>Valuation Criteria (Stratification)</i>	Licences valued on a per foot basis Vessels are stratified by size, construction material, and capability
<i>Additional Information</i>	Competitive fishery. Currently, the resource and market situation is reasonably healthy. Area A (QCI/Hecate Strait) is the predominant area in terms of landings and landed value. Vessel licence allows harvest of Schedule II species and transporting (packing). Vessel-based licence virtually precludes licence leasing, though a small market is emerging for FR (commercial communal party-based) licences.

Valuations Performed

Valuations	Purchase and Sale			Lease		
	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>
Licence	Yes	5-10	Med	n.a.		
Quota	n.a.			n.a.		
Vessel	Yes	<3	Low	n.a.		

Current Valuation

Licence Value at March 31, 2006

<i>Licence Category</i>	<i>Value per Foot</i>	<i>Est # Feet</i>	<i>Total Value, All Licences (\$)</i>
Crab (R) Licence	\$ 15,000	6,592	98,880,000

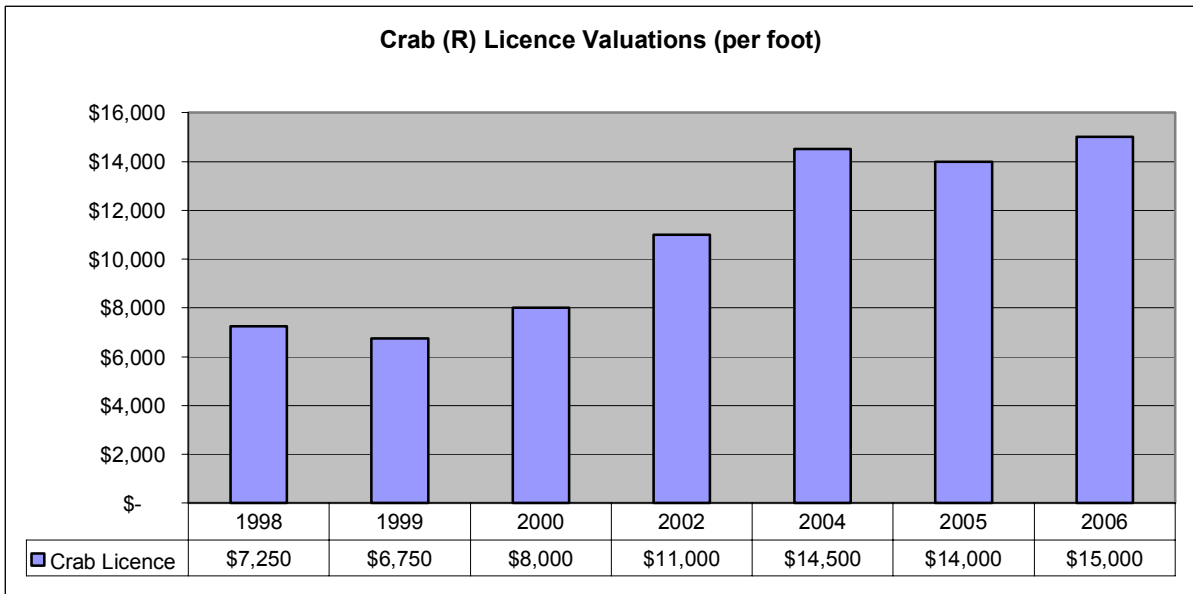
- Valuation is up modestly from the 2005 level of \$14,000 per foot.
- Average vessel 32 feet; average licence value \$480,000
- Estimates of value range from \$12,000 - 20,000 per foot. A wide variance, with variation based on length, area, and value apportionment amongst assets (boat, licences, gear).
- Area A (Queen Charlotte) licences traded at a premium (perhaps \$17,000 per foot on average), while all other areas possess similar value (\$10,000 - 12,000 per foot).
- The licence market is currently quite strong and active, in spite of lower catch rates the past couple of years in many areas.
- It is believed that after March 31, 2006, the market for crab licences has softened somewhat.

Vessel Value

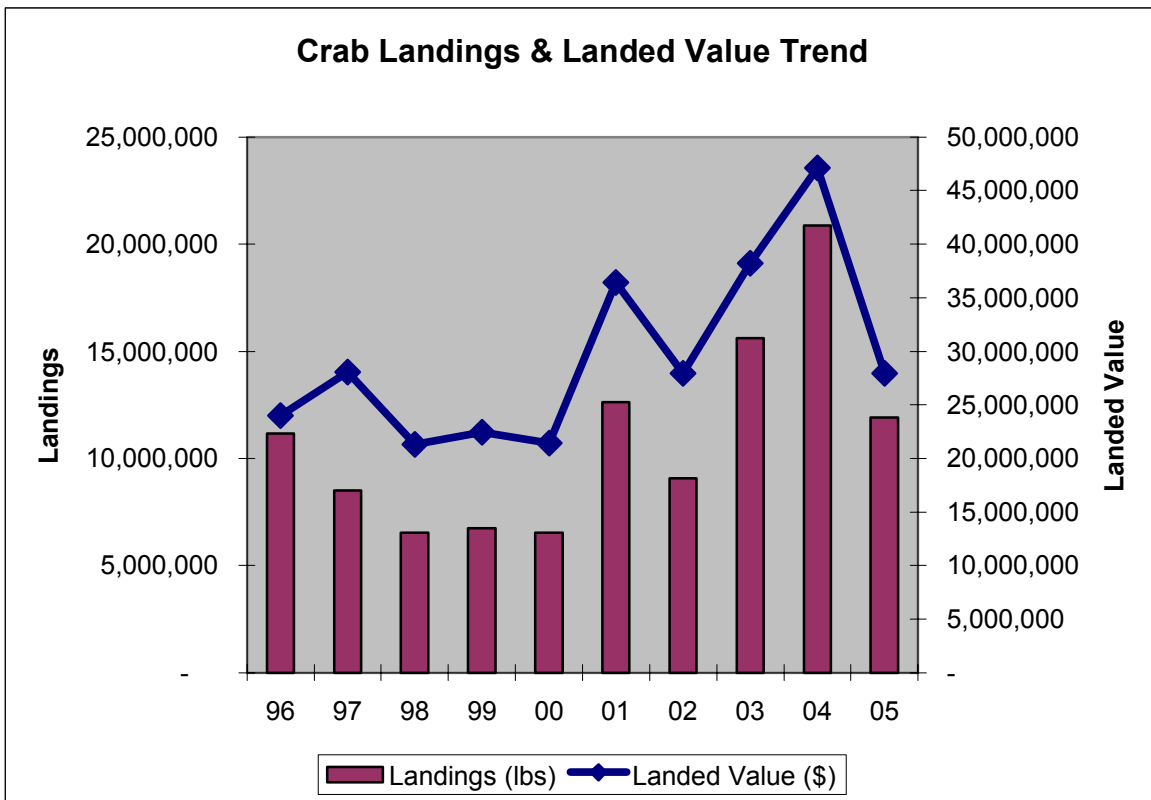
Vessel counts exclude F licences and are best-estimates.

Vessel Type		Classic Style			Modern Style		Total / Average
		Wood	Aluminum / Fibreglass	Steel	Aluminum / Fibreglass	Steel	
Inside Waters / Smaller Vessel	Est # Vessels	3	51	1	92	2	149
	Unit Value	15,000	50,000	65,000	100,000	125,000	81,275
	Aggregate Val.	45,000	2,550,000	65,000	9,200,000	250,000	12,110,000
Outside Waters / Larger Vessel	Est # Vessels	6	18	5	24	4	57
	Unit Value	35,000	80,000	100,000	300,000	400,000	192,105
	Aggregate Val.	210,000	1,440,000	500,000	7,200,000	1,600,000	10,950,000
Total / Average	Est # Vessels	9	69	6	116	6	206
	Average Value	28,333	57,826	94,167	141,379	308,333	111,942
	Aggregate Val.	255,000	3,990,000	565,000	16,400,000	1,850,000	23,060,000

Valuation Trends



Landings & Landed Value Trends



PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

<i>Avg Landings per Licence (lbs, 2005)</i>	53,589
<i>Avg Landed Value/Licence (2005):</i>	\$ 125,936

Outlook

- The current economics of the crab fishery do not necessarily support high licence values.
- Some participants are concerned at the lack of a coastwide crab fishery association; lack of cohesion and coordination makes it difficult to introduce management reforms.
- The crab fishery is basically healthy, but with some management/economic issues to be addressed.

SEA CUCUMBER

General Description

<i>Licence Designation</i>	ZD
<i>Nature of Licence</i>	Party based – individual, corporation, or band may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	85
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	0
<i>Licensing/Management Framework</i>	Quota management – each licence receives 1/85 of the allowable catch – 15,255 pounds per licence under current fishing plan Area Licensing – 4 areas: North, Central, WCVI, St. of Georgia Stacking allowed – maximum 5 licences per vessel
<i>Valuation Criteria (Stratification)</i>	Valuation is on a per-licence basis – each licence possesses the same value (no difference by area) Vessels are stratified by size, construction material, and capability
<i>Additional Information</i>	Quotas not divisible. Allowed harvest is set on a fixed precautionary rate: 4.2% of the estimated biomass; this has allowed for steadily growing quotas. Currently approx. 32 vessels operating the 85 licences.

Valuations Performed

Valuations	Purchase and Sale			Lease		
	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>
Licence	Yes	nil	Low	Yes	<3	Med
Quota	n.a.			n.a.		
Vessel	Yes	<3	Low	n.a.		

Current Valuation

Licence Value at March 31, 2006

<i>Licence Category</i>	<i>Value per Licence</i>	<i># Licences</i>	<i>Total Value, All Licences (\$)</i>	<i>Annual Lease Rate (\$)</i>
Sea Cucumber (ZD) Licence	\$ 160,000	85	13,600,000	15,000

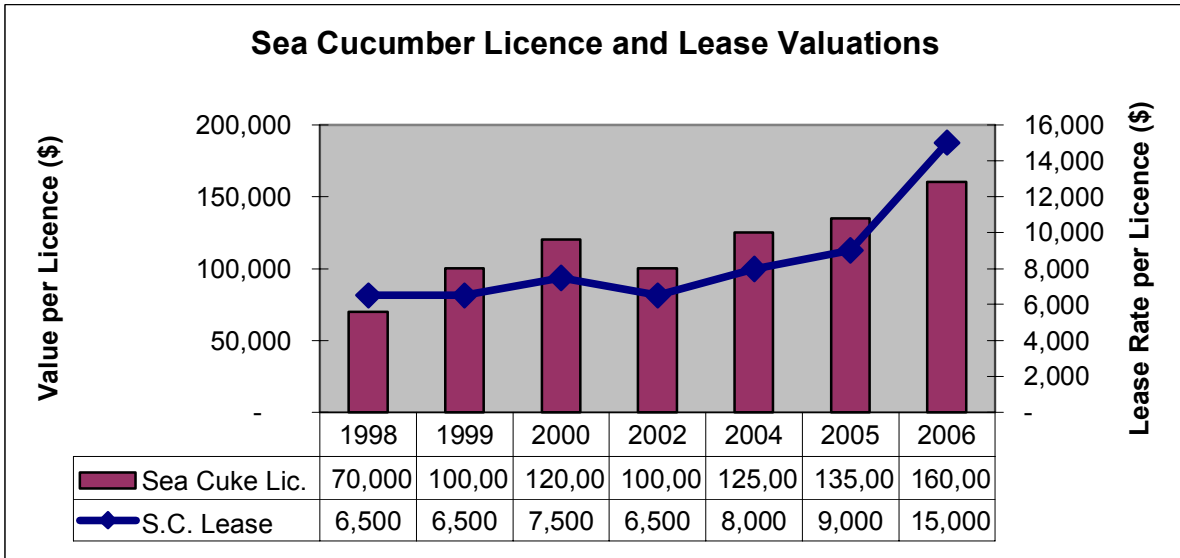
- The current year valuation has risen to \$160,000 per licence vs. \$135,000.
- This valuation is based on anecdotal reports of developments in the fishery and in the licence marketplace. No tangible transactions were unearthed. This is a tightly held fishery.
- Values and markets in the fishery appear to be strengthening, though a lack of transactions make valuation imprecise.

Vessel Value

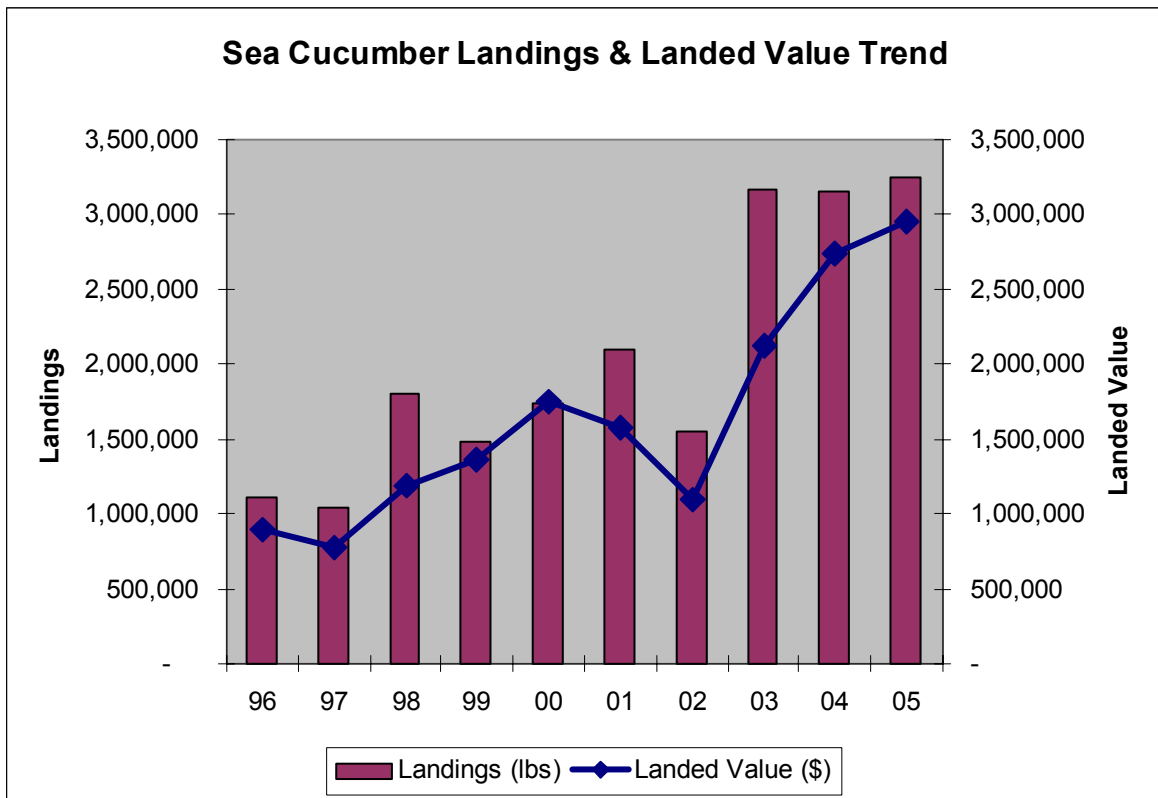
Vessel counts exclude F licences and are best-estimates.

Vessel Type		Classic Style			Modern Style		Total / Average
		<i>Wood</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	
Inside Waters / Smaller Vessel	Est # Vessels	1	9	-	14	-	24
	Unit Value	10,000	10,000	-	75,000	-	47,917
	Aggregate Val.	10,000	90,000	-	1,050,000	-	1,150,000
Outside Waters / Larger Vessel	Est # Vessels	-	4	-	4	-	8
	Unit Value	-	40,000	-	125,000	-	82,500
	Aggregate Val.	-	160,000	-	500,000	-	660,000
Total / Average	Est # Vessels	1	13	-	18	-	32
	Average Value	10,000	19,231	-	86,111	-	56,563
	Aggregate Val.	10,000	250,000	-	1,550,000	-	1,810,000

Valuation Trends



Landings & Landed Value Trends



PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

<i>Avg Landings per Licence (lbs, 2005)</i>	38,158
<i>Avg Landed Value/Licence (2005):</i>	\$ 34,717

Outlook

- Although a relatively small fishery in absolute terms, the sea cucumber industry has done an admirable job of improving both landings volumes and values over the past several years
- Continued conservative management combined with stock assessment work and improving product care are keys to future success
- Impacts from implementation of the Species at Risk act are uncertain

RED SEA URCHIN

General Description

<i>Licence Designation</i>	ZC
<i>Nature of Licence</i>	Party based – individual, corporation, or band may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	99
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	11 (FZC designation – Party-based)
<i>Licensing/Management Framework</i>	Quota management – each licence receives an equal share of the TAC – 96,706 pounds per licence under current fishing plan. Area Licensing – north and south coast. 93 licences in the north, 17 in the south. Stacking allowed – maximum 5 licences per vessel.
<i>Valuation Criteria (Stratification)</i>	Valuation is on a per-licence basis – each licence possesses the same value (no difference by area). Vessels are stratified by size, construction material, and capability.
<i>Additional Information</i>	Quotas not divisible. Currently 41 vessels fishing 104 licences. A lottery process is used for annual area selection.

Valuations Performed

Valuations	Purchase and Sale			Lease		
	Valuation Conducted?	Sample Size	Confidence Level	Valuation Conducted?	Sample Size	Confidence Level
Licence	Yes	3-5	Med	Yes	3-5	Med
Quota	n.a.			n.a.		
Vessel	Yes	<3	Low	n.a.		

Current Valuation

Licence Value at March 31, 2006

Licence Category	Value per Licence	# Licences	Total Value, All Licences (\$)	Annual Lease Rate (\$)
Red Urchin (ZC) Licence	\$ 125,000	99	12,375,000	5,000

- This is a depressed fishery; increasing competition from Russia, and now China and North Korea, have slashed margins.

PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

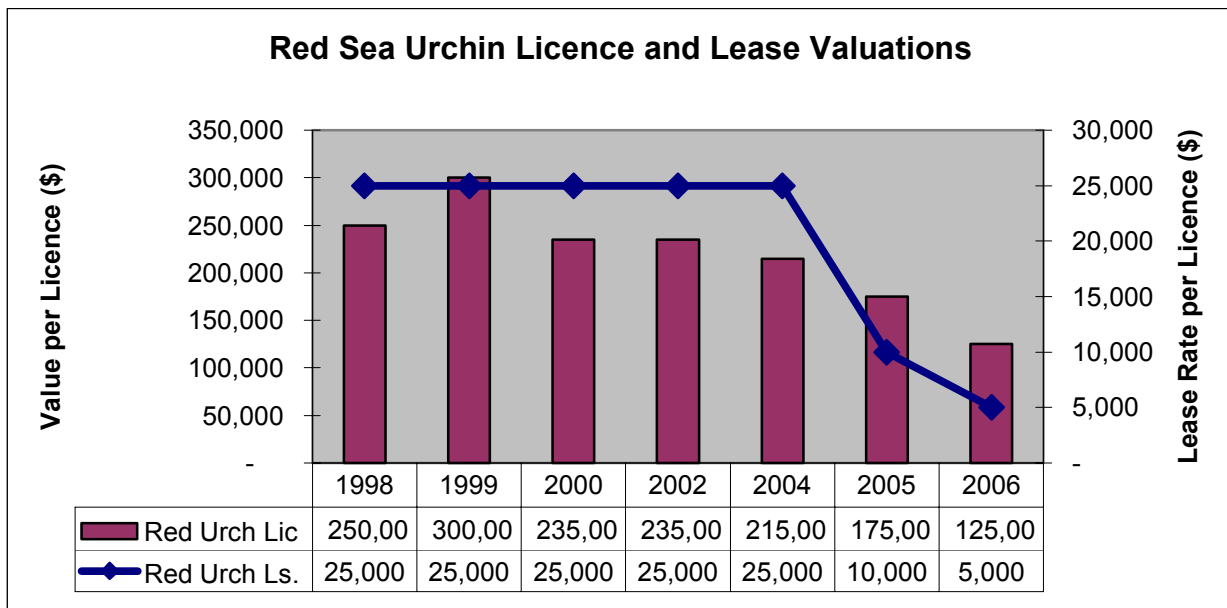
- Valuation is down from last year's level of \$175,000.
- There is concern that it may not be economical to harvest the full current-year quota (as occurred in 2005).

Vessel Value

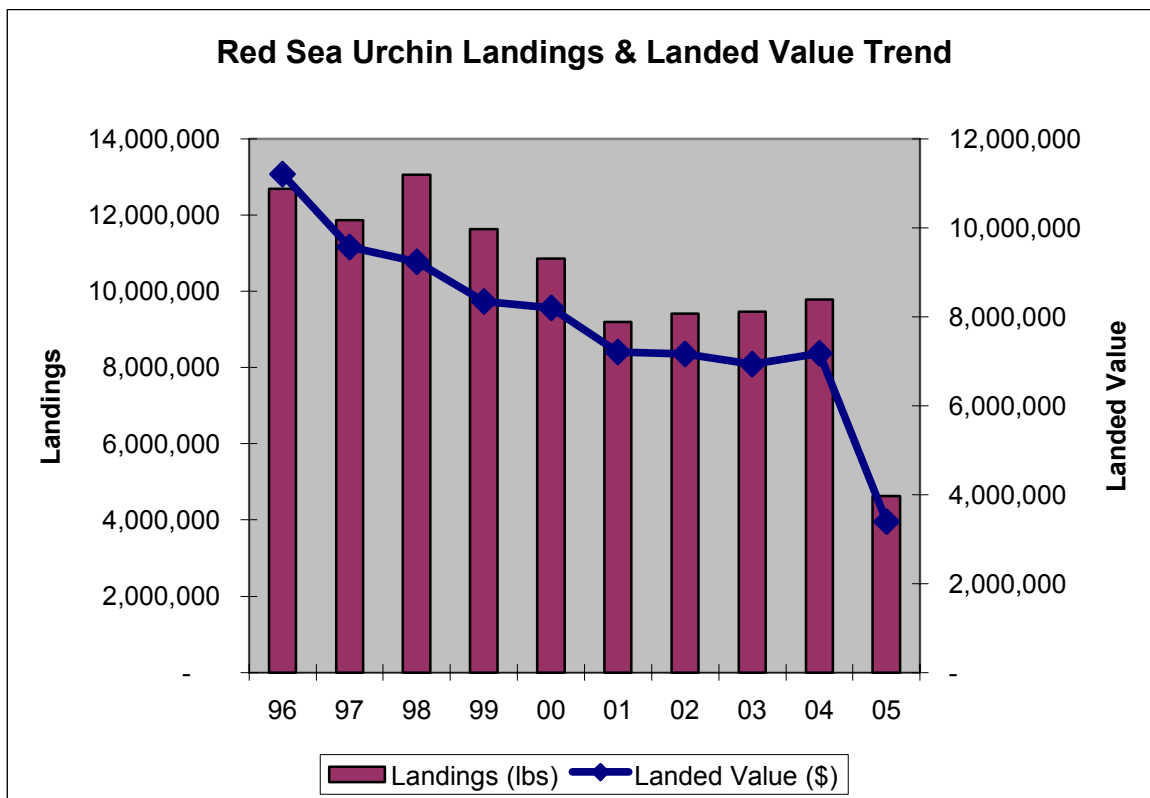
Vessel counts exclude F licences and are best-estimates.

Vessel Type		Classic Style			Modern Style		Total / Average
		Wood	Aluminum / Fibreglass	Steel	Aluminum / Fibreglass	Steel	
Inside Waters / Smaller Vessel	Est # Vessels	1	14	-	16	-	31
	Unit Value	10,000	10,000	-	75,000	-	43,548
	Aggregate Val.	10,000	140,000	-	1,200,000	-	1,350,000
Outside Waters / Larger Vessel	Est # Vessels	-	3	-	7	-	10
	Unit Value	-	40,000	-	125,000	-	99,500
	Aggregate Val.	-	120,000	-	875,000	-	995,000
Total / Average	Est # Vessels	1	17	-	23	-	41
	Average Value	10,000	15,294	-	90,217	-	57,195
	Aggregate Val.	10,000	260,000	-	2,075,000	-	2,345,000

Valuation Trends



Landings & Landed Value Trends



<i>Avg Landings per Licence (lbs, 2005)</i>	42,031
<i>Avg Landed Value/Licence (2005):</i>	\$ 30,810

Outlook

- The red sea urchin fishery faces the challenge of enhancing quality and values into a “mature” Japanese market place.
- Increasing competition from Russia, China, and North Korea has resulted in reduced demand and price levels for BC product.
- It is uncertain how the current market flux will be resolved.
- Urchin stocks are currently healthy and the fishery is considered well-managed
- Impacts of the Species at Risk Act implementation: the sea otter recovery program has an adverse impact on urchin stocks, urchins being a favored diet of sea otters; as sea otter abundance and range grows, so does the impact on urchin biomass and fisheries
- Excerpt from the Red Urchin fishery management plan:

Sea otter populations are expanding and because they are major predators on red sea urchins they are expected to have an impact on all red sea urchin fisheries in the

PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

future. The commercial industry has identified sea otters as the single largest threat to the stability of the fishery. It is believed that sea otters and commercial urchin harvesting cannot co-exist.

GREEN SEA URCHIN

General Description

<i>Licence Designation</i>	ZA
<i>Nature of Licence</i>	Party based – individual, corporation, or band may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	49
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	0
<i>Licensing/Management Framework</i>	Quota management – each licence receives an equal share of the TAC – 8,368 pounds per licence under current fishing plan. Area Licensing – the bulk of quota is allocated to five areas (in the Johnstone Strait and lower Strait of Georgia) Stacking allowed – maximum 5 licences per vessel.
<i>Valuation Criteria (Stratification)</i>	Valuation is on a per-licence basis – each licence possesses the same value (no difference by area). Vessels are stratified by size, construction material, and capability
<i>Additional Information</i>	A three-year management plan in effect: 2003-2006 Quotas not divisible Currently 19 vessels fishing 49 licences.

Valuations Performed

Valuations	Purchase and Sale			Lease		
	Valuation Conducted?	Sample Size	Confidence Level	Valuation Conducted?	Sample Size	Confidence Level
Licence	Yes	Nil	Low	Yes	<3	Low
Quota	n.a.			n.a.		
Vessel	Yes	<3	Low	n.a.		

Current Valuation

Licence Value at March 31, 2006

<i>Licence Category</i>	<i>Value per Licence</i>	<i># Licences</i>	<i>Total Value, All Licences (\$)</i>	<i>Annual Lease Rate (\$)</i>
Green Urchin (ZA) Licence	\$ 25,000	49	1,225,000	2,000

- No transactions unearthed - estimates of value range from \$10,000 - 30,000.

PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

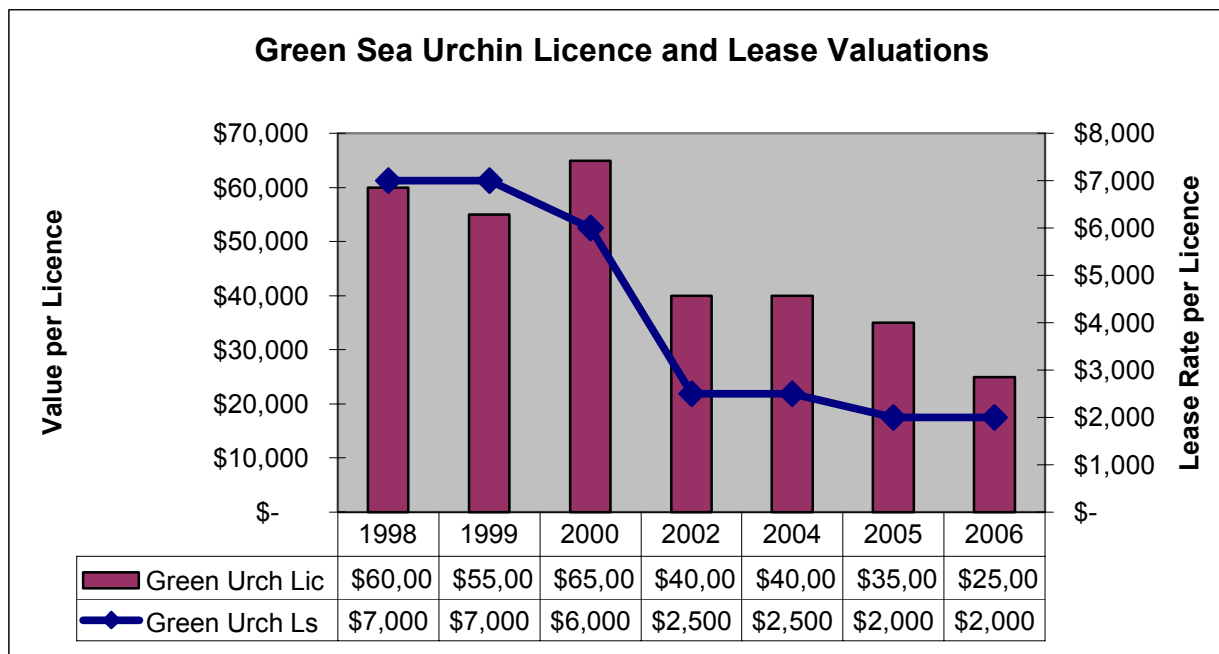
- Influx of supply from Russia has negatively impacted the market for BC green urchins in Japan.

Vessel Value

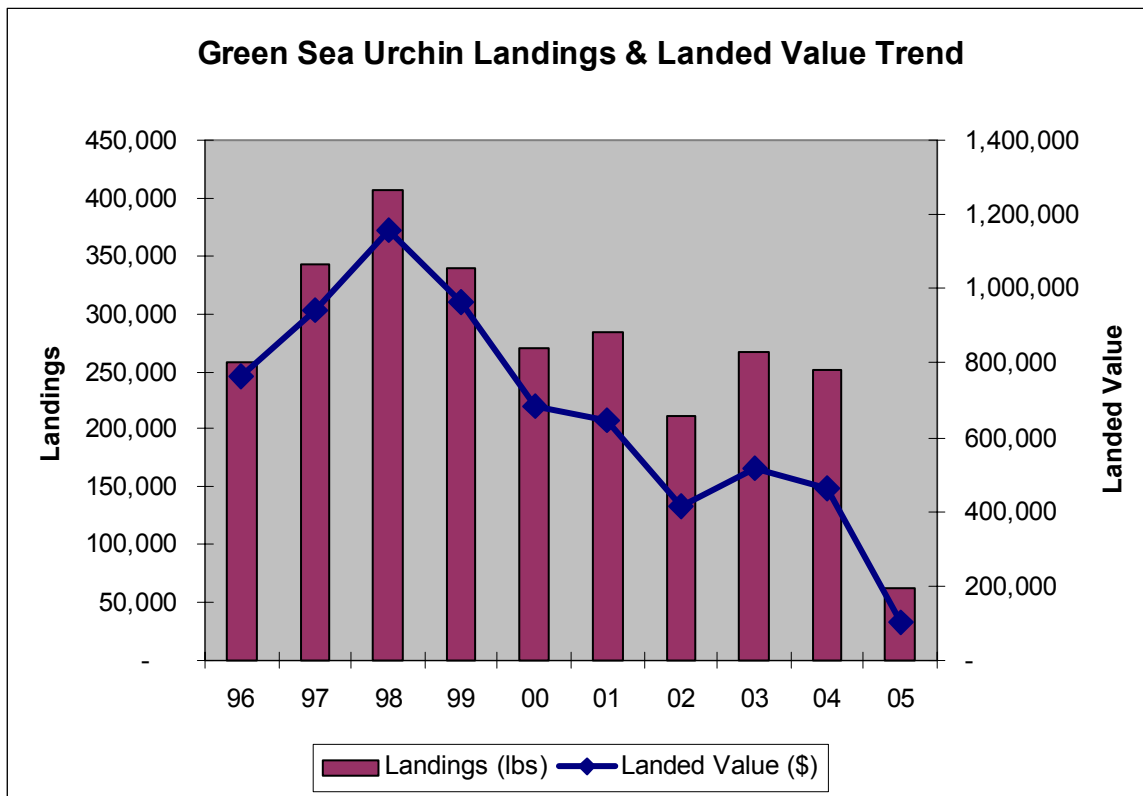
Vessel counts exclude F licences and are best-estimates.

Vessel Type		Classic Style			Modern Style		Total / Average
		Wood	Aluminum / Fibreglass	Steel	Aluminum / Fibreglass	Steel	
Inside Waters / Smaller Vessel	Est # Vessels	1	6	-	10	-	17
	Unit Value	10,000	10,000	-	75,000	-	48,235
	Aggregate Val.	10,000	60,000	-	750,000	-	820,000
Outside Waters / Larger Vessel	Est # Vessels	-	-	-	2	-	2
	Unit Value	-	-	-	125,000	-	125,000
	Aggregate Val.	-	-	-	250,000	-	250,000
Total / Average	Est # Vessels	1	6	-	12	-	19
	Average Value	10,000	10,000	-	83,333	-	56,316
	Aggregate Val.	10,000	60,000	-	1,000,000	-	1,070,000

Valuation Trends



Landings & Landed Value Trends



<i>Avg Landings per Licence (lbs, 2005)</i>	1,279
<i>Avg Landed Value/Licence (2005):</i>	2,075

Outlook

- The green sea urchin fishery faces the challenge of enhancing quality and values into a “mature” Japanese market place
- Increasing competition from Russia, China, and North Korea has resulted in reduced demand and price levels for BC product.
- It is uncertain how the current market flux will be resolved.
- Green urchin stocks are generally healthy
- Impacts of the Species at Risk Act implementation: the sea otter recovery program has an adverse impact on urchin stocks, urchins being a favored diet of sea otters; as sea otter abundance and range grows, so does the impact on urchin biomass and fisheries
- Excerpt from the Green Urchin fishery management plan:
Sea otter populations are expanding in BC, and because sea otters are a major predator on green urchins, they are expected to have an impact on the fishery in the future.

ROCKFISH HOOK & LINE

General Description

<i>Licence Designation</i>	ZN
<i>Nature of Licence</i>	Party based – individual, corporation, or band may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	246 (180 Outside, 66 Inside)
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	16 (FZN designation – 11 Outside, 5 Inside)
<i>Licensing/Management Framework</i>	Fishing Options (A,B,C,D) for Outside licences. No option selection for Inside licences. Overall Fishery TACs Monthly trip limits A proposal has been put forward by industry to move to an individual vessel quota program; no decision made to-date.
<i>Valuation Criteria (Stratification)</i>	Inside and Outside licences are valued separately: valuations on a per-foot basis. Vessels are stratified by size, construction material, and capability.
<i>Additional Information</i>	The inside fishery is severely constrained due to inshore rockfish conservation measures. Unlimited stacking of Inside ZN licences.

Valuations Performed

Valuations	Purchase and Sale			Lease		
	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>
Licence	Yes	5-10	Med	Yes	5-10	Med
Quota	n.a.			n.a.		
Vessel	Yes	<3	Low	n.a.		

Current Valuation

Licence Value at March 31, 2006

Licence Category	Value per Foot	Est # Feet	Total Value, All Licences (\$)	Annual Lease Rate (\$)
Rockfish (ZN) Licence Outside	\$ 6,000	7,560	45,360,000	9,500
Rockfish (ZN) Licence Inside	\$ 1,000	2,310	2,310,000	2,500
Rockfish (ZN) Licence Combined	\$ 4,830	9,870	47,670,000	

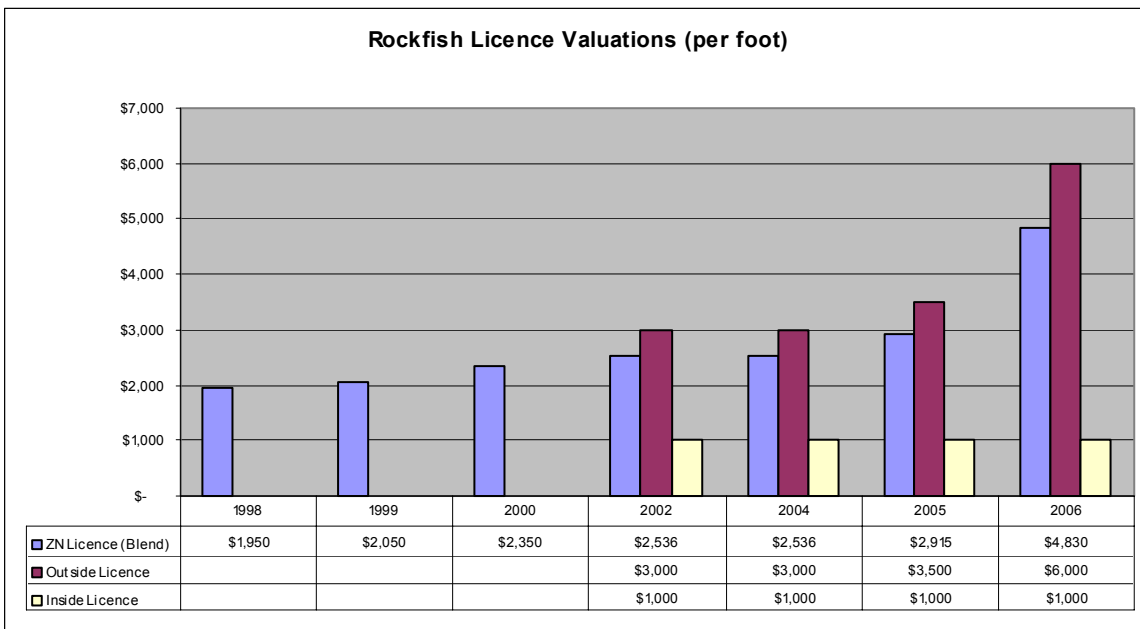
- Outside ZN licence values spiked dramatically during the valuation period, to \$6,000 per foot from \$3,500 per foot in 2005. Inside licence values have remained at low levels.
- This appreciation was attributable to speculation arising from implementation of the groundfish integration initiative - ZN licences are viewed as an important source of rockfish bycatch for prosecuting other groundfish fisheries.
- Inside vessel length assumed to be 35', average value \$35,000; Outside vessel length 42', average value \$252,000.
- *In the months following March 31, 2006, prices for ZN licences fell dramatically, to approximately \$125,000-150,000 per outside licences.* Early experience with the integrated groundfish fishery program indicated that the supply of rockfish for bycatch purposes was not as tight as had been feared; thus, less of a premium for ZN licences.

Vessel Value

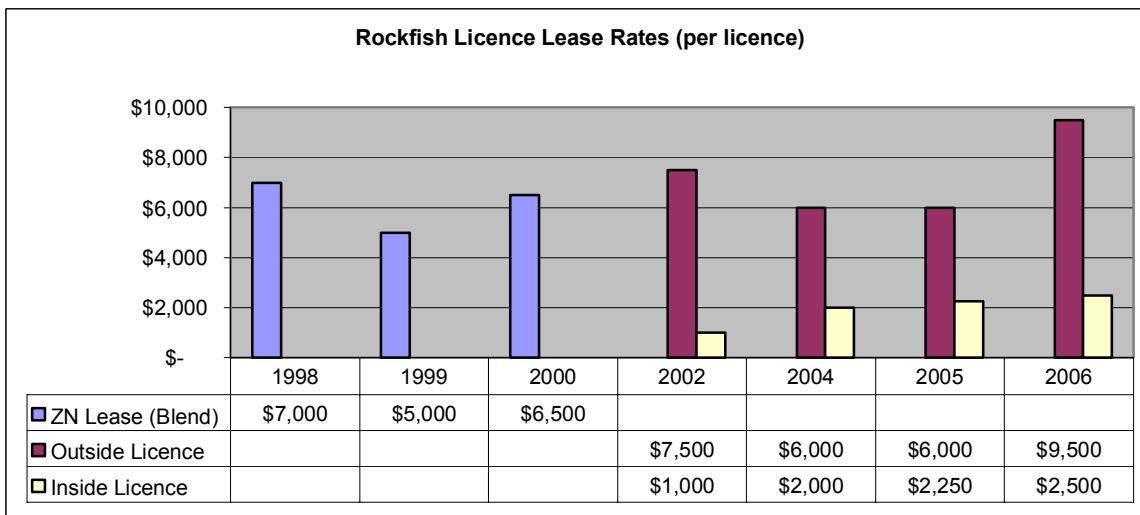
Vessel counts exclude F licences and are best-estimates.

Vessel Type		Classic Style			Modern Style		Total / Average
		Wood	Aluminum / Fibreglass	Steel	Aluminum / Fibreglass	Steel	
Inside Waters / Smaller Vessel	Est # Vessels	31	36	1	27	-	95
	Unit Value	15,000	50,000	65,000	100,000	-	52,947
	Aggregate Val.	465,000	1,800,000	65,000	2,700,000	-	5,030,000
Outside Waters / Larger Vessel	Est # Vessels	57	50	9	24	11	153
	Unit Value	35,000	80,000	100,000	200,000	300,000	99,052
	Aggregate Val.	1,995,000	4,000,000	900,000	4,800,000	3,300,000	15,155,000
Total / Average	Est # Vessels	88	86	10	51	11	246
	Average Value	27,955	67,442	96,500	147,059	300,000	81,402
	Aggregate Val.	2,460,000	5,800,000	965,000	7,500,000	3,300,000	20,025,000

Valuation Trends

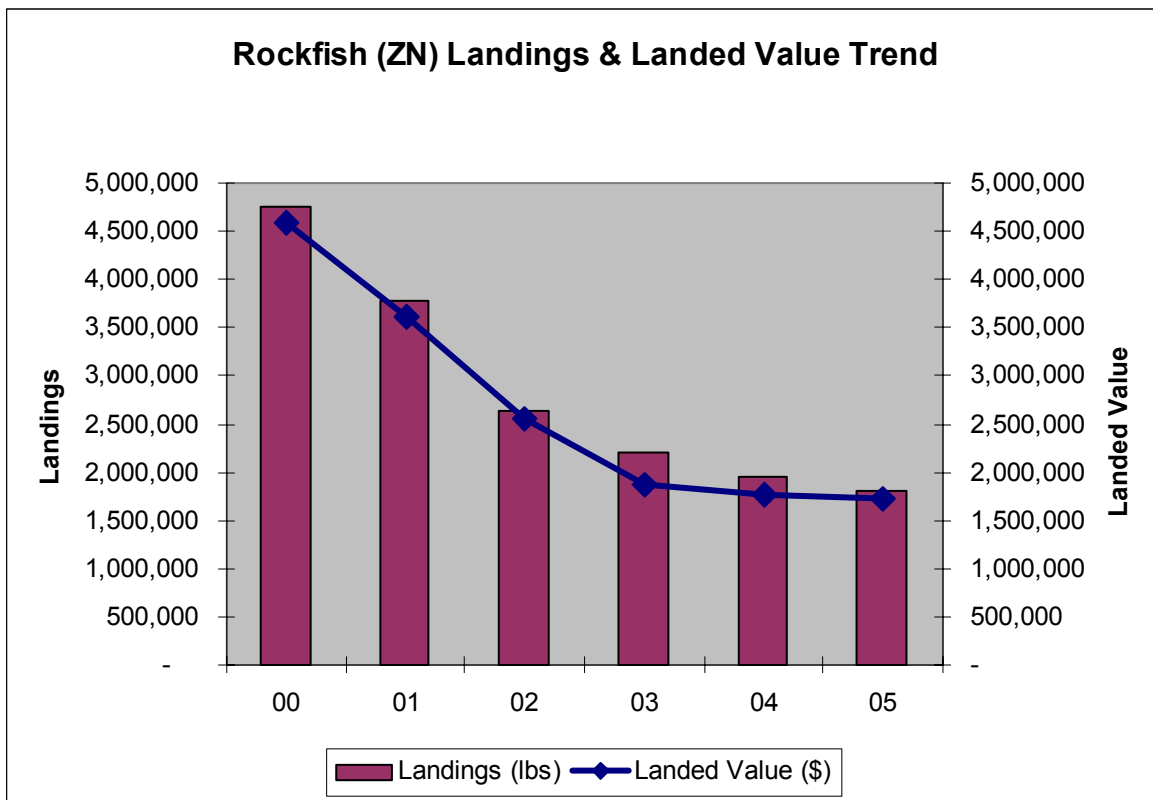


- Rapid appreciation in recent years is largely attributable to speculative buying by owners of other groundfish licences for the purpose of securing access to rockfish bycatch.



- The option of stacking multiple inside licences on a single vessel on a temporary basis affords a leasing opportunity for inside licences

Landings & Landed Value Trends



<i>Avg Landings per Licence (lbs, 2005)</i>	6,914
<i>Avg Landed Value/Licence (2005):</i>	\$ 6,596

Outlook

- Inshore rockfish conservation measures have had a major ongoing negative effect on Inside ZN licences.
- The ZN fishery is currently learning to adjust to pilot Groundfish Integration program:
 - 100% electronic monitoring
 - accountability for all rockfish bycatch
 - trading of groundfish species amongst groundfish sectors (halibut, sablefish, groundfish trawl, rockfish (ZN), lingcod, and dogfish) for bycatch purposes
 - establishing sector rules to govern access to other species, quota trading, etc.
 - developing operating procedures that work under the new program
- Increasingly, ZN licences are viewed as a source of access to rockfish bycatch for other hook and line fisheries (halibut, dogfish, lingcod, sablefish) and for the

sablefish trap fishery. A large percentage of ZN licences are owned by fishermen also owning other groundfish licences.

- A proposal to bring an IQ program to the ZN fishery is under consideration.
- It is envisioned that Groundfish Integration will improve rockfish management and conservation, with long term benefits to the fisheries.
- It is feared (by some) that Groundfish Integration may be un-necessarily complex, and may result in escalating lease rates for rockfish for bycatch purposes, compromising the economic viability of the fisheries.
- Impacts from implementation of the Species at Risk act are uncertain; many rockfish species that are both targeted and encountered as bycatch in the rockfish hook and line fishery are currently in the SARA assessment process.
- Markets for rockfish products are generally healthy, though a strengthening Canadian dollar has placed downward pressure on prices received by BC participants.

SCHEDULE II SPECIES

General Description

<i>Licence Designation</i>	C
<i>Nature of Licence</i>	Vessel based – vessel owner may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	511
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	8 (FC designation – Party-based)
<i>Licensing/Management Framework</i>	Allows participation in Schedule II fisheries and transporting. Various time, area, gear, TAC, and trip limit measures in place.
<i>Valuation Criteria (Stratification)</i>	Licences are valued on a per-foot basis. Vessels are stratified by size, construction material, and capability
<i>Additional Information</i>	Competitive fisheries. One C licence (or FC) per vessel. C licence cannot be held on a vessel with any other vessel based licence in most circumstances. List of Schedule II species: Smelt, Spiny Dogfish, Skate, Sole & Flounder, Pacific Cod, Lingcod & Tuna (Canadian & International Waters only).

Valuations Performed

Valuations	Purchase and Sale			Lease		
	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>
Licence	Yes	3-5	Med	n.a.		
Quota	n.a.			n.a.		
Vessel	Yes	<3	Low	n.a.		

Current Valuation

Licence Value at March 31, 2006

<i>Licence Category</i>	<i>Value per Foot</i>	<i>Est # Feet</i>	<i>Total Value, All Licences (\$)</i>
Schedule II (C)Licence	\$ 500	17,374	8,687,000

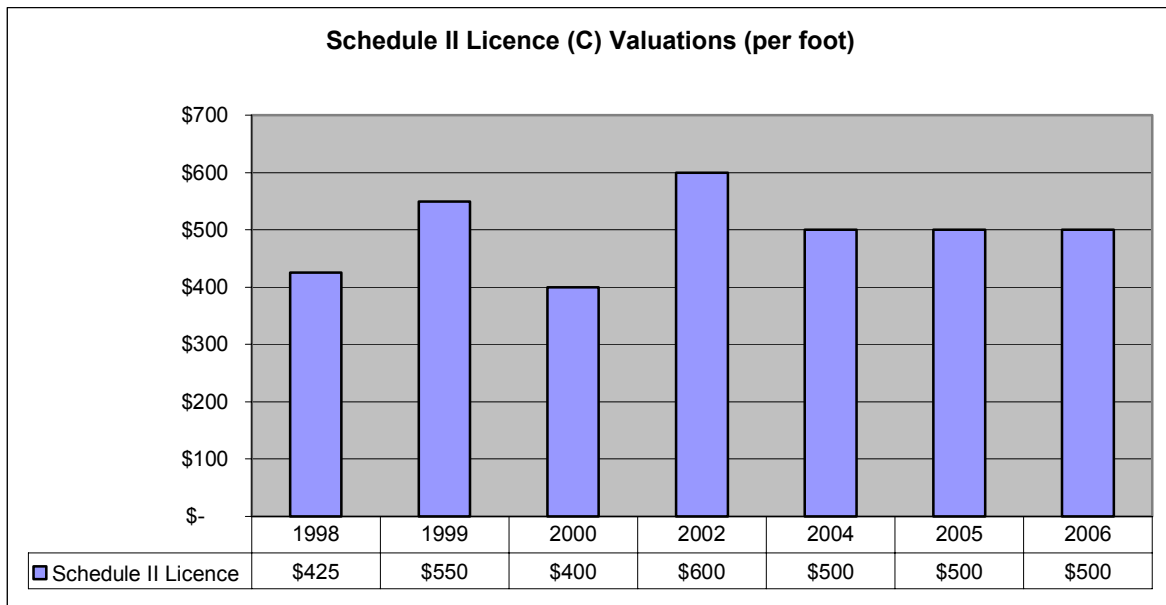
- Average vessel length estimated at 34', average licence value \$17,000
- Market is generally soft; prices range from as little as \$150/foot to \$1,000/foot; buyers requiring a specific length licence willing to pay more.
- Lingcod and dogfish quotas will be allocated to qualifying Schedule II licences (including C licences), and although quota cannot be permanently transferred for three years, a lease market is already developing.
- Dogfish quota is expected to lease for 2 ½ per pound, and lingcod for 20-25 cents per pound.

Vessel Value

Vessel counts exclude F licences and are best-estimates.

Vessel Type		Classic Style			Modern Style		Total / Average
		<i>Wood</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	<i>Aluminum / Fibreglass</i>	<i>Steel</i>	
Inside Waters / Smaller Vessel	Est # Vessels	111	222	-	91	2	426
	Unit Value	15,000	50,000	-	100,000	125,000	51,913
	Aggregate Val.	1,665,000	11,100,000	-	9,100,000	250,000	22,115,000
Outside Waters / Larger Vessel	Est # Vessels	33	21	6	22	3	85
	Unit Value	35,000	80,000	100,000	300,000	400,000	132,176
	Aggregate Val.	1,155,000	1,680,000	600,000	6,600,000	1,200,000	11,235,000
Total / Average	Est # Vessels	144	243	6	113	5	511
	Average Value	19,583	52,593	100,000	138,938	290,000	65,264
	Aggregate Val.	2,820,000	12,780,000	600,000	15,700,000	1,450,000	33,350,000

Valuation Trends



Landings & Landed Value Trends

- No data available

Outlook

- C licences remain low-valued, as Schedule II privileges accompany all classes of vessel-based licence.

EUPHAUSIID

General Description

<i>Licence Designation</i>	ZF
<i>Nature of Licence</i>	Party based – individual, corporation, or band may make annual application for issuance of licence
<i>Number of Commercial Licences (valued in this study)</i>	18
<i>No. of Commercial Communal Lic's (not valued in this study)</i>	1 (FZF designation)
<i>Licensing/Management Framework</i>	Competitive plankton (krill) fishery using trawl gear. Vessels vie for share of the annual 500 ton TAC.
<i>Valuation Criteria (Stratification)</i>	Licences are valued on a per-licence basis. Vessels are stratified by size, construction material, and capability.
<i>Additional Information</i>	Fishery primarily in mainland inlets of Georgia Strait

Valuations Performed

Valuations	Purchase and Sale			Lease		
	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>	<i>Valuation Conducted?</i>	<i>Sample Size</i>	<i>Confidence Level</i>
Licence	Yes	Nil	Low	No		
Quota	n.a.			n.a.		
Vessel	Yes	<3	Low	n.a.		

Current Valuation

Licence Value at March 31, 2006

<i>Licence Category</i>	<i>Value per Licence</i>	<i># Licences</i>	<i>Total Value, All Licences (\$)</i>
Euphausiid (ZF) Licence	\$ 50,000	18	900,000

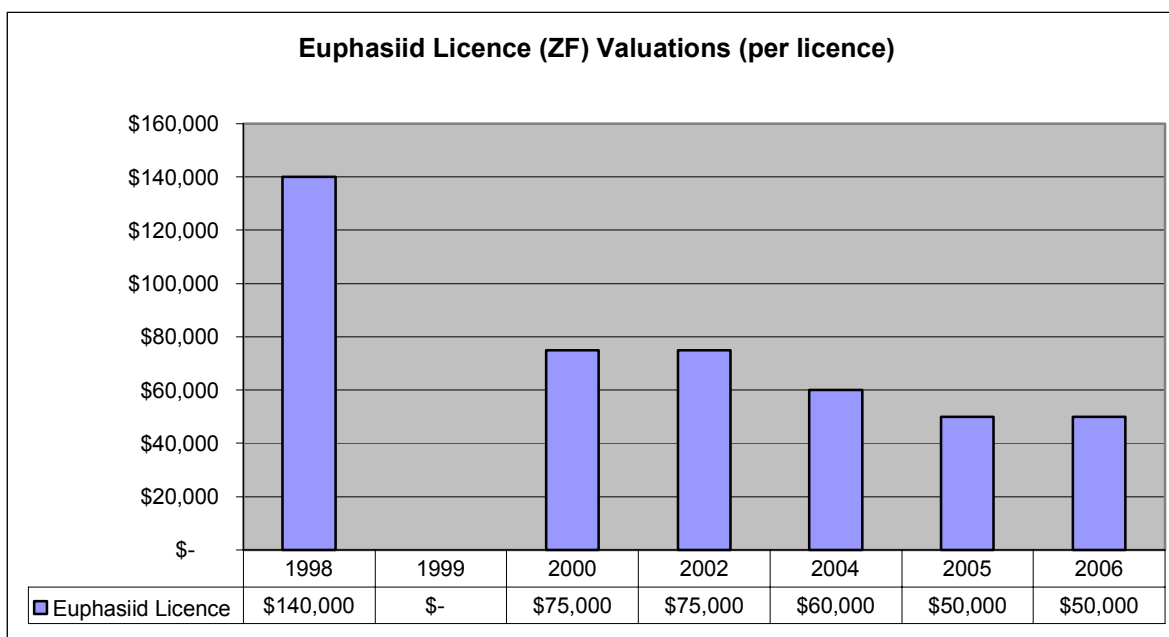
- Estimated value based on industry discussions. No transactions. Weak market. No change from the prior year.

Vessel Value

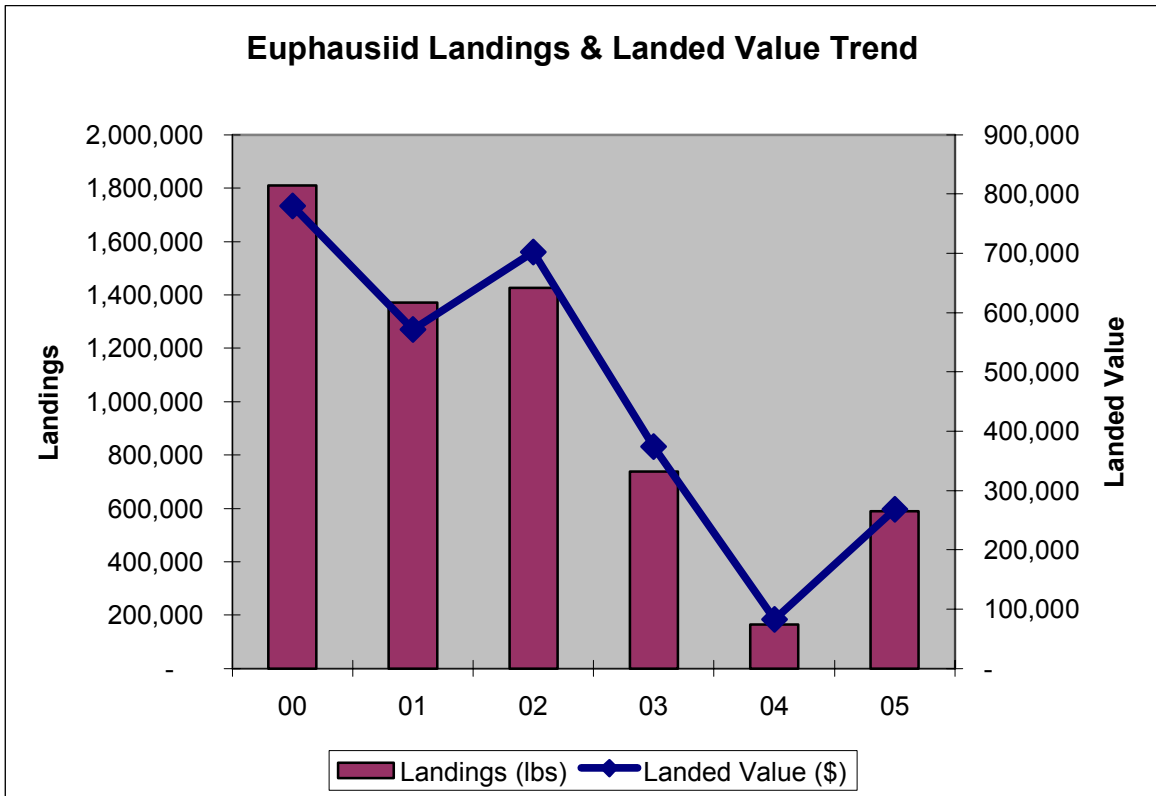
Vessel counts exclude F licences and are best-estimates.

Vessel Type		Classic Style			Modern Style		Total / Average
		Wood	Aluminum / Fibreglass	Steel	Aluminum / Fibreglass	Steel	
Inside Waters / Smaller Vessel	Est # Vessels	-	-	1	3	-	4
	Unit Value	-	-	150,000	300,000	-	262,500
	Aggregate Val.	-	-	150,000	900,000	-	1,050,000
Outside Waters / Larger Vessel	Est # Vessels	3	4	1	4	2	14
	Unit Value	65,000	175,000	200,000	400,000	500,000	263,929
	Aggregate Val.	195,000	700,000	200,000	1,600,000	1,000,000	3,695,000
Total / Average	Est # Vessels	3	4	2	7	2	18
	Average Value	65,000	175,000	175,000	357,143	500,000	263,611
	Aggregate Val.	195,000	700,000	350,000	2,500,000	1,000,000	4,745,000

Valuation Trends



Landings & Landed Value Trends



<i>Avg Landings per Licence (lbs, 2005)</i>	32,772
<i>Avg Landed Value/Licence (2005):</i>	14,914

Outlook

- Euphausiid industry having trouble increasing values in part because of competitive nature of fishery (sub-optimal handling practices) and in part because low quotas pre-empt meaningful market development
- This fishery has difficulty attaining higher quotas because of the perception of some that plankton fisheries are destructive to the food chain.

SUMMARY

Licence Valuation Totals

<i>Fishery</i>	<i>Licence Designation</i>	<i># of Licences</i>	<i>Total Value \$</i>	<i>Average Value \$</i>
Salmon – Seine	AS	249	83,940,000	337,108
	FAS	27	-	
Salmon – Gillnet	AG	1059	82,752,000	78,142
	FAG	93	-	
	N	254	-	
Salmon – Troll	AT	517	74,464,750	144,032
	FAT	21	-	
Roe Herring – Seine	HS	248	53,460,000	215,565
	FHS	4	-	
Roe Herring – Gillnet	HG	1239	45,510,000	36,731
	FH	27	-	
Herring – Spawn on Kelp	J	36	9,900,000	275,000
	FJ	2	-	
	Other F	7		
Halibut	L	407	22,539,660	55,380
	FL	29		
Sablefish	K	46	9,200,000	200,000
	FK	2		
Geoduck / Horseclam	G	55	137,500,000	2,500,000
Shrimp (Trawl)	S	234	10,553,400	45,100
	FS	11	-	
Prawn (Trap)	W	245	156,493,750	638,750
	FW	7	-	
Groundfish Trawl	T	141	13,324,500	94,500
	FT	1	-	-
Crab	R	206	98,880,000	480,000
	FR	16	-	-
Sea Cucumber	ZD	85	13,600,000	160,000

PACIFIC FLEET LICENCE, QUOTA AND VESSEL VALUATION – AT MARCH 31, 2006

<i>Fishery</i>	<i>Licence Designation</i>	<i># of Licences</i>	<i>Total Value \$</i>	<i>Average Value \$</i>
Red Sea Urchin	ZC	99	12,375,000	125,000
	FZC	11	-	
Green Sea Urchin	ZA	49	1,225,000	25,000
Rockfish Hook & Line	ZN - Outside	180	45,360,000	252,000
	ZN - Inside	66	2,310,000	35,000
	FZN - Outside	11		
	FZN - Inside	5	-	
Schedule II	C	511	8,687,000	17,000
	FC	8	-	
Euphausiid	ZF	18	900,000	50,000
	FZF	1	-	
Total Pacific Licences			882,975,060	

Quota Valuation Totals

<i>Fishery</i>	<i>Quota Type</i>	<i>Price per lb. (\$)</i>	<i>Approx. # of lbs.</i>	<i>Total Value \$ millions</i>
Halibut	Halibut	29.00	11,631,200	337,304,800
Sablefish	Sablefish	29.00	5,122,520	148,553,080
Groundfish Trawl	Groundfish	2.95	88,287,616	260,448,468
Groundfish Trawl	Hake - Offshore	0.60	209,719,189	125,831,513
Groundfish Trawl	Hake - Gulf	0.11	22,046,000	2,425,060
Groundfish Trawl	Arrowtooth (turbot)	0.50	33,069,000	16,534,500
Quota Total				891,097,421

Grand Total Value Licences and Quota: \$1,774,072,481

Individual Vessel Valuation Summary

The following table shows valuation by stratification for vessel value estimations provided in the report. A fleet total value cannot be calculated using the present valuation methodology, since many vessels are involved in multiple fisheries. The total fleet size is approximately 3247 vessels.

2004 Current Valuation	Inside Wood	Outside Wood	Inside Alum Classic	Outside Alum Classic	Inside Steel Classic	Outside Steel Classic	Inside Alum Modern	Outside Alum Modern	Inside Steel Modern	Outside Steel Modern
Salmon Seine	25,000	65,000	125,000	175,000	150,000	200,000	300,000	400,000	325,000	500,000
Salmon Gillnet	15,000	35,000	25,000	50,000	40,000	75,000	75,000	150,000	100,000	175,000
Salmon Troll	15,000	35,000	25,000	50,000	40,000	75,000	75,000	150,000	100,000	175,000
Roe Herring SN	25,000	65,000	125,000	175,000	150,000	200,000	300,000	400,000	325,000	500,000
Roe Herring GN	-	-	10,000	25,000	-	-	45,000	65,000	-	-
Halibut	15,000	35,000	50,000	80,000	65,000	100,000	100,000	300,000	125,000	400,000
Sablefish	25,000	65,000	125,000	175,000	150,000	200,000	300,000	400,000	325,000	500,000
Geoduck	10,000	15,000	10,000	40,000	25,000	50,000	75,000	125,000	100,000	150,000
Shrimp	15,000	35,000	25,000	50,000	40,000	125,000	75,000	300,000	100,000	400,000
Prawn	15,000	35,000	50,000	80,000	65,000	100,000	100,000	300,000	125,000	400,000
Groundfish	15,000	65,000	60,000	175,000	65,000	300,000	200,000	400,000	300,000	600,000
Crab	15,000	35,000	50,000	80,000	65,000	100,000	100,000	300,000	125,000	400,000
Sea Cucumber	10,000	15,000	10,000	40,000	25,000	50,000	75,000	125,000	100,000	150,000
Red Urchins	10,000	15,000	10,000	40,000	25,000	50,000	75,000	125,000	100,000	150,000
Green Urchins	10,000	15,000	10,000	40,000	25,000	50,000	75,000	125,000	100,000	150,000
ZN	15,000	35,000	50,000	80,000	65,000	100,000	100,000	200,000	125,000	300,000
Sched II	15,000	35,000	50,000	80,000	65,000	100,000	100,000	300,000	125,000	400,000
Euphasiid	25,000	65,000	125,000	175,000	150,000	200,000	300,000	400,000	325,000	500,000