

Appeal No. VA96/3/051

AN BINSE LUACHÁLA
VALUATION TRIBUNAL
AN tACHT LUACHÁLA, 1988
VALUATION ACT, 1988

Monery By Products Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Factory and land at Map Ref: 1B, Monery Upper, ED: Crossdoney, RD: Cavan, Co. Cavan
Quantum - Affect of BSE on the rendering industry - reliability of comparisons

B E F O R E

Fred Devlin

FRICS.ACI Arb. (Acting Chairman)

Barry Smyth

FRICS.FSCS

Rita Tynan

Solicitor

JUDGMENT OF THE VALUATION TRIBUNAL

ISSUED ON THE 22ND DAY OF JANUARY, 1997

By Notice of Appeal dated the 15th day of July 1996 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £435 on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are that:-

"The valuation is excessive and inequitable when rental levels and other factors are taken into consideration."

The appeal proceeded by way of an oral hearing held in the Courthouse, Cavan on the 22nd day of January 1997. The appellant was represented by Mr. Tadhg Donnelly, Brian Bagnall & Associates and the respondent was represented by Mr. Peter Walsh, M.A. B.Sc. (Surveying), Diploma in Environmental Economics and a Valuer with 10 years experience in the Valuation Office. Both valuers adopted as their evidence in chief, given under oath, their respective written submissions which previously had been exchanged by them and submitted to the Tribunal. Ms. Ita Brady, Financial Controller of Monery By Products Limited also gave evidence.

The Property:

The property comprises an offal rendering facility. The buildings comprise of a mixture of hay shed type buildings and single skin metal decked roofed industrial buildings supported by steel portal frames with average eaves height between 16 to 20 feet. The factory was originally built in the early 1950's and extended piecemeal in recent years. The property is held freehold.

The accommodation comprises:-

Main Floor Area	(including milling, fat reception area, fat refining area, main production area and raw materials)	37,486 sq.ft.
Offices		1,475 sq.ft.
Electrical store, switch room, generator room, etc.		1,214 sq.ft.
Prefab offices - changing area & w.c.s		1,213 sq.ft.
Workshop/store and garage		10,703 sq.ft.
Evaporation plant and chemical mixing area for effluent		2,123 sq.ft.
Pump house		253 sq.ft.
Horsepower	900	
Tanks - Tallow	260 ton capacity	
Blood	120 ton capacity	
Gallonage - Oil	10,000 gallon capacity	
Heavy Oil	20,000 gallon capacity	

Water tank 7,000 gallon capacity.

Mr. Donnelly said that the subject premises had suffered as a result of the BSE crisis as the rendering industry had become the focus of very adverse publicity. He considered that the valuation had to be seen in the light of the extensive investment which would be required to bring the building up to EC standards. He also said that the location of the property was a major factor and that comparisons in the area should therefore be taken into account. He said that the plant as it stands is obsolete and would have to be extensively modernised within the next 9 weeks.

The comparisons adduced by Mr. Donnelly were:-

1. Lakelands Co-op, Crossdoney, Co. Cavan

Co-operative store, retail hardware outlet.

Total area of buildings - 3,892 sq.ft. Agreed 1995/4 Revision. RV £25.

Devalued at £1.28 psf.

2. Bailieboro Foundry, Bailieboro, Co. Cavan

Devalued - 60,000 sq.ft. @ £0.52 psf.

1990/4 Revision. RV £170 agreed.

3. Former Boxmore Plastics Limited, Ballyconnell, Co. Cavan

Industrial premises. Sold December 1995 for £300,000.

Sales price devalued @ £6.52 psf.

Mr. Donnelly analysed the sale price to yield a net annual value for the buildings of 46,000 sq.ft. at £1. Based on his comparisons and the considerations which he submitted at hearing, Mr. Donnelly proposed a rateable valuation on the subject premises of £310 as set out below.

Main buildings (factory and storage)	37,486 sq.ft. @ £0.80 = £29,988
Pump house	253 sq.ft. @ £0.50 = £ 126
Switch rooms/general rooms/electrical rooms	1,214 sq.ft. @ £0.80 = £ 971

Office block	1,475 sq.ft. @ £1.50 = £ 2,213
Changing rooms/toilets (prefab type)	1,213 sq.ft. @ £0.40 = £ 486
Workshop/stores/garage	10,703 sq.ft. @£1.00 = £10,703
Evaporation plant house and chemical mixing for effluent	2,123 sq.ft. @ £1.00 = <u>£ 2,123</u>
	Total <u>£46,520</u>

OR 54,467 sq.ft. @ £0.85

Building	rateable valuation @ 5% =	£233
Plant	rateable valuation	<u>£ 79</u> agreed
	Total	<u>£312</u>
	Say	£310.

Mr. Walsh submitted that the valuation proposed of £435 was in line with other industrial valuations in the area. He set out his calculation of the rateable valuation as follows:-

Main floor area	37,486 sq.ft. @ £1.30 = £48,732
Offices	1,475 sq.ft. @ £1.50 = £ 2,212
Electrical stores/etc.	1,214 sq.ft. @ £1.00 = £ 1,214
Prefab offices/etc.	1,213 sq.ft. @ £0.40 = £ 500
Workshop/store/garage	10,703 sq.ft. @ £1.50 = £16,054
Evaporation plant/etc.	2,123 sq.ft. @ £1.50 = £ 3,184
Pump house	253 sq.ft. @ £0.50 = <u>£ 127</u>
	NAV = <u>£72,023</u>
	@ 0.5% = £360.

Plus

Tanks (blood and tallow)	Capacity 380 tons @ £0.05 per ton	= £ 19
Gallonge (oil and heavy oil)	Capacity 30,000 gallons @ £0.50 per 1,000 gallons	= £ 15
Horsepower	900 H.P. @ £0.05 per horsepower	= <u>£ 45</u>
		<u>£439</u>
	RV marked	= £435.

Mr. Walsh offered two comparisons which he said were larger scale factories in rural locations. He said that both units were specifically geared and fitted out for a particular type of production. He said that the range applied on the office rentals in the area was £2 to £2.30 psf. and for general production from £1.50 to £1.75 psf.

1. General Steel Products Limited, Ballymackney

1990/1 First Appeal.

Main factory 50 years old.

Factory 48,556 sq.ft. @ £1.50

2. Grove Turkeys Limited, Clones

1994/4 First Appeal.

Factory built late 1970's. Damaged by fire in 1992 and subsequently partly rebuilt.

Block 3 Production Area 21,585 sq.ft. @ £1.75

Ms. Ita Brady, Financial Controller of the appellant company in her evidence outlined the difficulties confronting the rendering industry since 1990 when meat and bone meal was banned from ruminant feed. Arising out of the BSE crisis in early 1996 further restrictions were imposed on the industry and consumer pressure resulted in a further reduction in the demand for meat and bone meal products. As a consequence, the industry is mainly reliant upon the export market. New regulations coming to force in April 1997 will necessitate expenditure in the range of £1m to £1.5m at the subject premises.

Under cross examination, Mr. Walsh agreed that the valuation of the Grove Turkey premises (comparison no. 2 in his précis) included an element of rateable plant which he had not separated out in his devaluation. Notwithstanding the fact that he was the appeal valuer in this instance he was unable to say what figure was attributable to the rateable plant. Mr. Donnelly said that he had been informed by the valuer acting for Grove Turkeys that there was a substantial element of rateable plant, but he too could not say what the actual figure was. Mr. Donnelly said that part of the Grove Turkey premises were finished to a high standard with tiled walls etc. Once again neither he nor Mr. Walsh were able to offer specific

information which would be of assistance to the Tribunal. Under the circumstances the Tribunal finds this comparison to be of no help whatsoever.

Having carefully considered all the evidence and the comparisons adduced by the valuers the Tribunal makes the following findings:-

1. Mr. Donnelly's comparisons are not helpful for a number of reasons such as size (comparison no. 1), state of repair (comparison no. 2) and the nature of the transaction on which valuation was passed (comparison no. 3).
2. Of the two comparisons introduced by Mr. Walsh i.e. premises occupied by General Steel Products Limited at Monaltduff and the Grove Turkey premises at Corhollan only the first is of any assistance for the reasons stated earlier in this judgment. As for the General Steel premises these would appear to be of more substantial construction than of the subject property.
3. The subject premises is a large complex of buildings of somewhat basic construction and this does not appear to be adequately reflected in Mr. Walsh's valuation.
4. The relevant date for this appeal is late 1994 and considering Ms. Brady's evidence, the Tribunal has had regard to the adverse effects of the BSE crisis on the rendering industry but only to the extent that its effects could have been gauged at that time.
5. Generally speaking the Tribunal found elements of the evidence adduced to be unsatisfactory. Mr. Walsh's information regarding one of his comparisons i.e. Grove Turkey premises was such as to make it of no assistance to the Tribunal.

When an appeal has reached the stage of an oral hearing before the Tribunal it is expected that the valuers will be totally familiar with the facts relating to the subject property and all of the comparisons. Under the procedures of the Tribunal each party is afforded an opportunity

to examine the others submissions and valuation in advance of the oral hearing. If it comes to the attention of a valuer that the information regarding the subject premises or any of the comparisons is incorrect or misleading then that valuer is obliged to bring it to the attention of the other valuer before the oral hearing commences. By so doing it may lead to a satisfactory resolution of the appeal without further proceedings. The valuer should remember that their primary duty is to the Tribunal and it is incumbent upon them to ensure that all facts relating to the subject property and the comparisons are exchanged and agreed. By so doing this will help the Tribunal to focus on those issues that go to the route of the dispute and not to spend time unnecessarily trying to grapple with evidence that is imprecise or lacking in fundamental matters of fact.

Determination:

Having carefully considered all the evidence the Tribunal considers that the rateable valuation should be £405 analysed as follows:-

Main Floor	37,486 sq.ft. @ £1.20 = £44,983
Offices	1,475 sq.ft. @ £1.50 = £ 2,212
Electrical stores etc.	1,214 sq.ft. @ £1.00 = £ 1,214
Prefab offices etc.	1,213 sq.ft. @ £0.40 = £ 500
Workshop/stores/garage	10,703 sq.ft. @ £1.30 = £13,913
Evaporation plant etc.	2,123 sq.ft. @ £1.30 = £ 2,759
Pump house	253 sq.ft. @ £0.50 = £ 127

NAV = £65,708 @ 0.5% = £328.

Plus Plant agreed @ £79 = £407. Say £405.

