

Appeal No. VA02/6/030 &
VA02/6/031

AN BINSE LUACHÁLA
VALUATION TRIBUNAL
AN tACHT LUACHÁLA, 2001
VALUATION ACT, 2001

Glennon Bros Timber Ltd.

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Sawmill at Lot No: 4 Kilnasavogue, Longford Rural, County Longford.
Sawmill at Lot No: 1CD4B Cooleeny, Longford Rural, County Longford

B E F O R E

Fred Devlin - FSCS.FRICS

Deputy Chairperson

Joseph Murray - Barrister

Member

Patrick Riney - FSCS FRICS MIAVI

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 1ST DAY OF JULY, 2003

By Notices of Appeal dated 17 December 2002, the appellant appealed against the determinations of the Commissioner of Valuation in fixing a rateable valuation of €335 on VA02/6/030 Sawmill at Kilnasavogue and a rateable valuation of €315 on VA02/6/031 Sawmill at Cooleeny the relevant properties above described.

The Grounds of Appeal as set out in the Notices of Appeal are:

"The Valuation is incorrect when the basis for assessing the Net Annual Value is examined."

By mutual agreement these appeals were heard contemporaneously in the Valuation Tribunal Offices on the 26th March 2003. The appellants were represented by John Nugent, Plant Manager for Glennon Brothers Timber Ltd., who was accompanied by Mr. Pat Glennon joint managing director for Glennon Brothers Limited. The respondent was represented by Mr. Noel Lyons B.Comm, a District Valuer with 29 years experience in the Valuation Office. Both representatives prepared written summaries of their evidence which they exchanged with each other, gave copies to the Valuation Tribunal and adopted same as their evidence in chief given under oath at the oral hearing.

Property Description

The property comprises a Sawmill (with additional ancillary buildings located and valued in the adjoining townlands of Kilnavasogue and Cooleeny –Appeal Nos: VA02/6/030 and VA02/6/031 respectively) including administration offices, basic timber stores, staff canteen, toilets, parts store, maintenance workshop, sawing sheds, dust stores, boiler house, kilns, and drop sorters. The access, to the buildings, which is surfaced with concrete, also provides uncovered and intensively used storage space for timber. The offices are portable except for the reception block which is a concrete structure with an asphalt roof. The process buildings are basic but functional and consist mainly of iron post frames with single skin corrugated iron hay barn type roofs and sides, which vary from open to timber or corrugated iron sheeting. Three of the kilns are clad with aluminium type material and two with asbestos.

Rating History

Mr. Lyons in his written submission outlined the rating history of the relevant property as follows:-

- a. Townland of Kilnasavogue – (VA02/6/030)
 1. 1967 Revision – Property first valued and assessed at a rateable valuation of €31.74 of which €12.70 was in respect of a dwelling house.
 2. 1974 Revision – Valuation increased to €100.31 due to the addition of a number of buildings.
 3. 2001 Revision – Due to the addition of further buildings the rateable valuation was increased to €215.86 which figure was increased at first

appeal stage to €335.

b. Townland of Cooleeny (VA02/6/031)

1. 1978 Revision – New Timber Stores erected and assessed at a rateable valuation of €33.33 which was reduced to €50.79 at first appeal stage.
2. 2001 Revision – Valuation increased to €228.55 which figure was increased to €315 at first appeal stage.

Appellant's Case

Mr. John Nugent was sworn in under oath and informed the Tribunal that this saw milling business had been established in 1913. He referred in some detail to his submission and confirmed this was a family owned timber-processing facility on the outskirts of Longford Town. It had been developed from an old farmyard and some of the buildings still remain. He stated Longford had lost substantial business in recent years and that there had been very few job increases announced. It had also been bypassed in the Spatial Strategy recently released by the government.

Glennon Brothers are a significant employer in the area employing 120 people in Longford and a further 100 indirectly in haulage and harvesting of forests. He also emphasised that the business was very competitive and that Atlantic Mills had closed down recently. He reiterated the main factors which he felt mitigated against the premises.

1. The fact that the property was in a rural location.
2. The town was in a depressed state as indicated by the CSO Report on County Incomes.
3. The size (c.20acres) and scale of the buildings were substantial.
4. The haphazard layout of the buildings.
5. The actual quality of the buildings, c.50% of which would not be suitable for a modern farmyard.

Mr. Nugent pointed out they were very busy when they had heard about the rates increase and that they did not take note of same. Having discussed the matter with the appeal valuer, it came to their notice that the Kilns were valued at three times the rate applied to other larger and modern elements of the property, of similar nature, other than use. Mr Nugent also said that the

construction of the buildings housing the Kilns, were essentially no different from other modern buildings on the site.

Mr. Nugent also stated that Coillte had a monopoly on the supply of logs and that they were at the mercy of whatever international timber prices were and that they could not sell timber unless it had been fully dried. He was of the opinion that the subject property was grossly overvalued, and pointed out that the Atlantic Mills had a state of the art office building which had been valued at €27 per square metre. He felt the other comparisons submitted by the Valuation Office were in respect of far superior buildings and now that all of the other mills had increased their capacity the industry was going through a tough time and with overcapacity and difficult market conditions. He was of the opinion that an increase in rates in the order of 440% from the original RV was unreasonable.

He also reiterated his point in regard to there being a monopoly of supply of logs in the country, primarily due to the difficulty in importing logs/timber into Ireland because of importing beetles etc. from England and elsewhere. When asked, what the property would realise if it was available for rent on the market, he was of the opinion that it was really not rentable and that a reasonable NAV as of 1988 would be in the region of €70,000.

Respondent's Case

Mr. Noel Lyons referred to his submission in some detail and pointed out the property was approximately two miles from the centre of Longford and close to the Dublin Road/Longford Bypass Roundabout.

He stated that the sawmill was located on the N4, which was part of the main road from Dublin to Sligo with access onto the Longford Bypass. There were no forests located in the immediate area, however there is a good road network providing access to raw material from the immediate surrounding areas in Leitrim, Cavan and Roscommon.

Nature of the Relevant Property

He emphasised that at revision in 1967 a sawmill, which had been in existence for a number of years had been valued for the first time at €31.74 when the property was operating solely in the townland of Cooleeny. The valuations had been increased to €228.55 and €15.56 for those parts of the relevant property situate in Kilnavasogue and Cooleeny respectively at revision in 2001 because of a request from Longford County Council to “value extension to sawmill”. The basic description of the process would consist of, logs taken from the forest, bark and butts are removed, cut into boards, batched for the kilns and prepared for sale. Glennon Brothers (Cork) Ltd. also operate a modern sawmill in Co. Cork.

In his opinion fair and reasonable rateable valuations to be applied were €335 and €15 respectively, as detailed in his submissions.

Issues raised by Appellants at first appeal

- 1) Poor layout, the buildings were erected piecemeal over the years.
- 2) A stream runs through the property resulting in constraints in the use of machinery.
- 3) The life span of a Kiln is approximately 15 years. The kilns here are c.12 years old.

Findings

The Tribunal has carefully considered all the evidence adduced and arguments proffered and make the following findings:

1. The property is located in a rural location and stands on a total of c. 20 acres with an extensive range of buildings of somewhat basic construction.
2. The Tribunal is of the opinion that c. 8,800sq.m. of buildings is a large facility and accepts that there would be little demand for a hereditament of this size and nature and that the practical use of the buildings are more or less limited to providing basic protection from the elements.
3. It is considered that an inadequate allowance has been made for the fact that the kilns, are more than 12years old and the nature of their construction. It is also noted that Mr. Lyons accepted there may be some concern regarding the levels applied for the kilns generally.

Determination

In view of the foregoing the Tribunal determines the rateable valuation of the subject property to be as follows:

Portacabin Offices (1,2,3,4,5)	$209.1\text{m}^2 @ \text{€}16.40 / \text{m}^2 = \text{€}3,429.24$
Office / Reception (6.)	$131.66\text{m}^2 @ \text{€}23.92 / \text{m}^2 = \text{€} 3,149.31$
Kilns (15,16,17,18,19)	$698.55\text{m}^2 @ \text{€}20.00 / \text{m}^2 = \text{€}13,971.00$
Baling Shed (34)	$104.00\text{m}^2 @ \text{€}16.40 / \text{m}^2 = \text{€} 1,705.60$
Steel Framed Building (31a)	$67.49\text{m}^2 @ \text{€}14.35 / \text{m}^2 = \text{€} 968.48$
Canteen & Toilets (8,10b)	$88.96\text{m}^2 @ \text{€}13.66 / \text{m}^2 = \text{€} 1,215.19$
Modern buildings (27,31,32)	$4,135.41\text{m}^2 @ \text{€}13.66 / \text{m}^2 = \text{€}6,489.70$
Tanaliser Building (30)	$675.62\text{m}^2 @ \text{€}10.93 / \text{m}^2 = \text{€} 7,384.53$
Boiler House & batching (14a, 25)	$121.66\text{m}^2 @ \text{€}10.25 / \text{m}^2 = \text{€} 1,247.02$
Canteen & Toilets (33)	$73.02\text{m}^2 @ \text{€} 9.57 / \text{m}^2 = \text{€} 698.80$
Mill (12,22,23)	$1,009.61\text{m}^2 @ \text{€} 7.52 / \text{m}^2 = \text{€} 7,592.27$
Stores (7,10a,11,13,14b,26,28)	$1,153.33\text{m}^2 @ \text{€} 6.84 / \text{m}^2 = \text{€} 7,888.78$
Mill/drop sorter & boilerhousing (20a,19a)	$276.29\text{m}^2 @ \text{€} 5.38\text{p m}^2 = \text{€} 1,486.44$
Bin area at canteen (33a)	$12.52\text{m}^2 @ \text{€} 4.79\text{p m}^2 = \text{€} 59.97$
Mill access & tank cover (23a,29)	$159.64\text{m}^2 @ \text{€} 4.10\text{p m}^2 = \text{€} 654.52$
Dust store, switch room, canopy (14,14c, 25b)	$238.91\text{m}^2 @ \text{€} 3.42 / \text{m}^2 = \text{€} 817.07$
Mill/drop Sorter (20b)	$58.7\text{m}^2 @ \text{€} 3.42\text{p m}^2 = \text{€} 1,158.60$
Wood chipping store (lp.Ci 23b, 24)	$148.99\text{m}^2 @ \text{€} 2.73\text{p m}^2 = \text{€} 406.74$
Covering for oil tank & sawdust (19b,21)	$60.34\text{m}^2 @ \text{€} 2.15\text{p m}^2 = \underline{\text{€} 129.73}$
Total for buildings	$= \text{€}10,541.00$
Allow for site disability and poor layout say 15%	$= \text{€} 93,959.00$
Add for horse power (1,800 Kva)	$1931 \text{ hp } @ \text{€}12.70 = \text{€} 24,523.70$
Total NAV for the townlands of Kilnasavogue and Cooleeny	$= \text{€}18,482.70$
Say	$\text{€}18,000.00$

Therefore

1. NAV apportioned to Kilnasavogue (on the same basis as at revision) is:

$$€18,000 \times 215.86 / 444.41 = €7,315.27$$

$$\text{Rateable Valuation} = \text{€7,315.27} \quad \times \quad 0.5\% = \text{€286.57 say €287}$$

2. NAV apportioned to Cooleeny (on the same basis as at revision) is:

$$€18,000 \times 228.55 / 444.41 = €60,684.73$$

$$\text{Rateable Valuation} = \text{€60,684.73} \quad \times \quad 0.5\% = \text{€303.42 say €303}$$

The Tribunal therefore determines the rateable valuations as above.