

Appeal No. VA88/0/132

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

**North Connacht Farmers Co-op Society Limited**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Mill, stores, weighbridge, yard and land at Lot No: 4ABCDE, Townland of Lung, R.D. Castlerea, E.D. Ballaghadereen, Co. Roscommon

**B E F O R E**

**Paul Butler**

**Barrister (Acting Chairman)**

**Mary Devins**

**Solicitor**

**Brian O'Farrell**

**Valuer**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 27TH DAY OF JULY, 1989**

By notice of appeal dated the 19th day of August 1988, the appellant appealed against the determination of the Commissioner of Valuation fixing the rateable valuation of the above described hereditaments at £350.

The hereditaments in question consist of a Mill with the following facilities: offices, stores, bagging area, plant housing and workshop, tanks and grain silos.

The valuation history of the premises is as follows:-

The premises was first valued for the first time in the 1981 annual revision. The valuation was fixed at R.V. £480. The valuation was reduced to R.V. £450 at 1981 first appeal stage and further reduced to R.V. £225 at Boyle Circuit Court in June 1984.

The premises was again listed for revision in 1987 to value extension. The valuation was increased to R.V. £385.00. The occupier felt aggrieved against this valuation and appealed it. Mr Berkery was appointed by the Commissioner to investigate the grounds and report back.

Patrick J. Nerney, Rateable Valuation Consultant, Valuer & Auctioneer presented a written note of evidence dated the 6th January, 1989. In his note he described the premises, set out the valuation history and indicated that the present appeal concerns £64 on items of plant and/or machinery and was made up of the following grounds:-

1. That it was excessive.
2. That the valuation on tanks, bins and electrical motors should be excluded from valuation as they comprised plant not liable to valuation.

Mr Nerney went on to set out how this sum of £64 was made up, the same is reproduced hereunder:-

Grain bins	600 tonnes	@ 2½p per tonne	= £15.00
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Fat tanks	37 tonnes	@ 2½p per tonne	= £ .92
Molasses tank	28,000 gallons	@ 15p per 1000 gals	= £ 4.20
Water tank	15,000 gallons	@ 10p per 1000 gals	= £ 1.50
Electric motors	1,400 horsepower	@ 3p per horsepower	= <u>£42.00</u>
			£63.62

(say £64)

Mr Nerney submitted that the bins or tanks are not used primarily for storage but they are integral and essential part of a plant designed and used to induce a process of change in the substance contained or transmitted. He said that raw materials which may include barley, wheat, maize, soya, citrus pulp, pollard, molasses, fat, rape seed and ground nut amongst others are taken into the plant, subjected to various actions in their passage through the plant and emerge in pellet or cube shaped animal feeding compounds.

Mr Nerney said that two three hundred tonne grain bins are located outside the buildings and valued at £15. A number of smaller bins (twenty five and fifty tonnes) inside the mill are not valued. The principle additions to the premises since they were originally built comprise a flat store and intake building. The store is partitioned into eight sections for holding different varieties of raw materials. Prior to the erection of the flat store room materials were drawn in almost on a daily basis.

Mr Nerney submitted that there is no difference between the large and small bins insofar as their design and use is concerned. He said that if the three hundred tonne external bins or the smaller internal bins are regarded in the first instance as being for storage purposes there would not seem to be any question but that they should be valued.

He went on to say that if any of the bins, large or small, was designed primarily for storage it would seem to have been a poor design in view of having to draw in raw materials from outside

sources almost daily. If storage was the main objective it could have been more satisfactorily achieved by erecting a flat store of sufficient capacity to carry perhaps one or two weeks supply of raw materials. Such a store has in fact been erected within the past two to three years.

Mr Nerney further submitted that the two three hundred tonne grain bins on account of their size tend to support the notion of storage as the prime consideration in their installation. Wheat or barley is stored in these bins. The bins are of a larger capacity than internal bins because wheat or barley account for about 80% of the ingredients in most of the animal feed products. Maize, pollard or soya for example represent only a fraction of the grain content and consequently the smaller bins are adequate. Mr Nerney submitted that this plant could not operate without bins. Storage, as storage, can be and is in fact provided in the flat store but manufacture of animal feed by omitting the bins and taking the raw material direct from the flat would simply not be a workable proposition.

Mr Nerney further submitted that the bins should be excluded from valuation and also the fat and molasses tanks which are integrated with the bins and, in turn, with essential parts of the plant for processing various raw materials into compounded animal feed should be excluded from valuation.

Insofar as the electric motors are concerned, Mr Nerney submitted that a selective approach whereby motors in one factory are valued as additions and in several others either ignored or in any event not treated as extras is at the very least unjust. He submitted that electric motors valued in this case are not machinery for the production of power as power supplied by the E.S.B. and electrical power connections refer to the apparatus linking the E.S.B. supply to the consumer's distribution apparatus rather than individual electric motors fixed to the various machines in the factory. He submitted that the valuation should be struck out. Furthermore, Mr Nerney submitted that the valuation of £42 on electric motors is grossly excessive and had been

determined arbitrarily and without reference to the net annual value and on the assumption that each motor is operating continuously. He submitted that the valuation of £42 indicated a net annual value of £8,400 which in turn corresponds with the capital value in the region of £84,000. He submitted that a more realistic valuation in this respect would be £4 and set out his method of arriving at that sum in his report.

In a synopsis of the evidence of Mr Gabriel Lavin, Manager, it was stated that "raw materials of up to 15 varieties drawn in by lorries. Checked and weighed at the weighbridge office. Tipped to mill intake and transferred by conveyors/elevators to the appropriate bins/silos or flat stores.

When all bins are loaded the manufacture of products can start. There are different formulations for the different products. Mill operations are computer controlled. Operator inserts production programme and requests say 20 batches (3,000 kgs per batch) of 'Dairy 16' (16% protein ration). Augers start up automatically and the requisite amounts of raw materials are weighed out from the individual bins to an accuracy of 5 kgs per batch (1 in 600). When the materials are all weighed out the computer starts up the route to the bins over the grinders. (3 grinders in the mill).

Materials are ground into a fine meal which passes down through a 2.5mm screen to a bin under. Meal is carried by elevators/conveyors/augers to a holding bin from which it drops down into a ribbon blender or mixer. Fats are added to the blend. The mix drops into another holding bin via opening slides. Passes to molasses mixer, through molasser to a holding bin via cubers, from where it is augured down to cubers and through a conditioning plant. Dry steam and molasses are added to condition the mix.

Material passes down to a cube chamber where it is forced through perforations in a steel drum or cylinder to form cubes, pellets or nuts which are cut to required lengths. these then pass down

to a cooler which is a perforated screen through which air is drawn by means of fans. Materials harden and become durable as they cool. They are transferred from the cooler via conveyors/elevators and a screen to the finished products bins.

Portion of the finished product is conveyed to the packing section where it is weighed, sieved and packed automatically into 25 or 50 kgs bags, palletised in 2 tonne lots and taken to the finished products store.

The rest of the product is held in the finished products bins and sold direct to customers in bulk."

In a written submission dated the 14th December, 1988 Mr Patrick F. Berkery, a valuer with 12 years experience in the Valuation Office, indicated that he inspected the premises in January 1988 and found that the same consisted of a mill with the following accommodation, offices, stores, bagging area, plant housing and workshop, tanks and grain silos. He gave a valuation history as set out above. He expressed the opinion that the net annual valuation of the premises is not less than £20,000. He indicated that the rateable valuation devalues as follows:-

R.V. as per 1981 C.C. appeal	=	£225.00
Grain stores 760 sq. metres @ 7p	=	53.20
Intake Pt 83 sq. metres @ 7p	=	5.81
Stores 36 sq. metres @ 6p	=	2.16
Fat tank 20 tons @ 2½p/ton	=	0.50
Water tank 15,000 gals @ 10p/1000	=	1.50
Molasses 28,000 @ 20p/1000	=	5.60
Fat tank 17 tons @ 2½p/ton	=	0.43
Grain silos 600 tons @ 2½p/ton	=	15.00
Motive power 1400 hp @ 3p/hp	=	42.00

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£351.20  
Say £350.00

He said that motive power machinery is considered to be rateable under section 6 of the Valuation Act, 1860 and section 7 of the Valuation Act, 1986. Mr Berkery set out four comparisons which are annexed to this judgment at Appendix A.

The oral hearing took place in Galway on the 11th day of January, 1989. Mr Gallagher, Solicitor of Rochford, Gallagher & Co., Solicitors, Tubbercurry, Co Sligo, Mr Patrick J. Nerney, Rateable Valuation Consultant, Valuer & Auctioneer, 13 Moundown Road, Dublin 12 and Mr Gabriel Lavin, Manager of the North Connacht Farmers Co-op Society Ltd. appeared on behalf of the appellant. Mr Patrick F. Berkery, valuer represented the Commissioner of Valuation.

The oral evidence was largely on the lines of that contained in the written submissions.

In the light of a judgment given by the Tribunal in the North Kerry Milk Products Ltd (appeal number 88/205) the Tribunal sat in Dublin on the 31st of May, 1989 to hear further submissions. On that occasion Mr Gallagher on behalf of the appellants, referred to the judgment in the North Kerry Milk Products Ltd Appeal and submitted the items in dispute should be excluded because the same were, "actively or passively," primarily to induce a process of change.

Mr Berkery, on behalf of the Commissioner, submitted that the bins are for the primary purpose of storage and that they are used for the containment of a substance. He said that what is stored is grain, that the same goes in as grain and comes out as grain. In regard to the molasses tank he said that 28,000 gallons seems to be a very large container for a mill and observed that in the case in the Premier Molasses Case (appeal number 88/123) the largest tank was a 10,000 tonne tank.

To this latter observation Mr Nerney, on behalf of the appellant, observed that a 10,000 tonne tank holds at least 250,000 gallons.

Having considered all of the evidence and the written submissions the Tribunal has come to the view that, in the circumstances of this particular case, the grain bins, fat tanks, water tank and electric motors are rateable. The molasses tank is not rateable as the same is, on the evidence, there primarily to induce a process of change.

In relation to the electric motor there is a great difference in methods adopted on behalf of each party in valuing the same and while the Tribunal is satisfied that Mr Berkery's method in calculating the value (i.e. horsepower) is correct it does seem unfair if, as Mr Nerney has argued, the same produces a capital value in the region of £84,000. The Tribunal is therefore disposed to vary this amount to £25.00.

By reason of the foregoing the Tribunal would alter the figure of £63.62 to £32.42 (say £32.00) and, therefore, finds the correct rateable valuation should amount to £328.