Appeal No. VA88/0/145

AN BINSE LUACHÁLA

VALUATION TRIBUNAL

AN tACHT LUACHÁLA, 1988

VALUATION ACT, 1988

Killarney Hotels Limited **APPELLANT**

and

Commissioner of Valuation **RESPONDENT**

RE: Hotel and Land, Lot No: 3ADEa, Fossa, Killarney, Co. Kerry

B E F O R E

Hugh J O'Flaherty	**S.C. 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 23rd August, 1988, the appellant appealed against the determination of the Commissioner of Valuation fixing the valuation of £2708.50 on the above described hereditament.

The property involved is known as Hotel Europe and is situated about 3 miles west of Killarney on the Killorglin road at Fossa Village. The hotel was initially built to provide accommodation and a social centre for German workers employed in the then newly established Liebherr factory which was situated nearby and also to make available accommodation for Germans visiting the factory. Initially the hotel included fifty three ensuite bedrooms together with 6 suites and was opened on the 26th March, 1961.

VALUATION HISTORY

The property was first valued as a hotel in 1961 attracting a rateable valuation of £1000.00 which was reduced to £900 at first appeal and was further reduced to £825 at the Circuit Court stage. In 1967 the property was revalued and increased to a rateable valuation of £1,300.00. This was further increased in 1969 to £2,300.00. In 1987 the subject property was listed for annual revision by Kerry County Council to "Revise and Value Extension to Hotel". The rateable valuation was, as a result, increased to £2,700.00. It is against this amount that the present appeal has been made. In making this appeal to the Tribunal, Donal O'Buachalla & Company Limited on behalf of the occupiers outlined the following grounds of appeal: -

1. that the rateable valuation £2,700.00 is excessive in amount and inequitable, and
2. that because of adverse circumstances entirely beyond their control, the owners have been compelled to cease operating the hotel as an all-year-round undertaking, and are reduced to operating it for the summer season only, in

consequence of which the extent of beneficial and rateable occupation subsisting in the hereditament has diminished materially, thus warranting a substantial reduction in the rateable valuation of £2,700.00.

DESCRIPTION OF PREMISES

Hotel Europe is graded by Bord Failte as an A Star hotel. It is comprised of 180 bedrooms with private bath including one presidential and six other suites. There is a reception area and three lounges. In addition to the main hotel diningroom there are two restaurants, The Kerry Room and The Tyrolean Room each with its own kitchen. In addition there is a shop/boutique, hairdressing salon, fitness centre, conference centre and swimming pool. Outside the hotel there is a lakeside boathouse with a covered quay. There are also stables with a waiting room and a grooms room and there are plant rooms. The agreed area of the hotel proper is 19,325 square metres and of the external buildings 676 square metres. All the buildings are well constructed with double glazed aluminium windows. The roof on the main block is of timber construction finished with felt shingles and on the west wing is of a flat construction with copper sheeting overlaid by PVC. The hotel is a modern purpose- built concrete framed structure with five floors over the basement. There are linking wings of one or more floors with partial basement.

SUMMARIES OF EVIDENCE

A written summary of evidence dated 8th March, 1989 was received from Mr. Alan McMillan on behalf of the appellants. Mr. McMillan is an Associate of the Society of Chartered Surveyors in the Republic of Ireland, and a director of Donal O'Buachalla & Company Limited, which company he joined in 1976. In early November 1987 Mr. McMillan states that his Company was instructed by Mr. H. Brunner, Secretary of Killarney Hotels Limited to examine and advise whether the increased rateable valuation was correct and warranted. On completion of investigations Messrs. O'Buachala and Company concluded that the increase was not warranted and on their client's instructions lodged an appeal with Kerry County Council. Negotiations and submissions (without prejudice), followed at first appeal stage, but were unsuccessful beyond agreement on floor areas. Mr. McMillan states that generally speaking, the properties are well constructed and in a good state of repair and decoration. However, he says that maintenance costs have proved to be exceptionally high over the years, given the exposure to prevailing weather conditions. Mr. McMillan says that ongoing problems have arisen due to hair concrete cracking leading to damp penetration particularly through the southern elevation and that this required expensive specialist remedial treatment. Similarly, also due to the extreme weathering, the original timber framed windows required replacement with modern double glazed aluminium windows. These new windows have, in certain areas, been scared through chemical action brought about by the erosion of cement rendering. Mr. McMillan goes on to outline the services available and states that public watermains supply is provided, but due to poor quality and lack of water pressure, is used only as a backup to a private supply. Main sewage is available only via expensive holding tanks and pumps. Refuse collection is arranged privately and there is no public lighting in the vicinity.

Since 1969 the following internal changes have taken place:

1. Demolition of single story block, adjacent to main block, replaced by a five storey block matching and "tied in" with the main block.
2. New conservatory extension to main lounge.
3. On conversion of the swimming pool to a conference room, a new replacement pool was provided together with ancillary facilities and linking corridors.

The foregoing developments extend to an agreed net additional floor area of 2025 square metres as follows:

Area at 1969 A.R.	17,300 m^2
plus New Additions:	2025 m^2

Area @ 1979 A.R. 19,325 m^2

EXTERNAL DEVELOPMENTS

1.	Boat House	175 m^2
2.	Covered quay	150 m^2
3.	Stables	285 m^2
4.	Plant rooms (2)	66 m^2
	Total	676 m^2 (agreed).

Mr. McMillan analyzed the various methods of valuing property and came to the conclusion that in this instance the most applicable method was the comparative method. He offered as his comparisons the other two A star graded hotels together with two premier A graded hotels in the Killarney area. In his opinion the most applicable comparison is the Great Southern Hotel, Killarney, however, in the final analysis he came to the conclusion that the best comparison was the subject property itself and he set out as follows:

1969: 17,300 m2 @ 13.29p/m2 = £2,299.17 (say) £2,300

1987: 19,325 m2 @ 13.76p/m2 = £2,659.12

plus *Sundries: (say) 40.00

£2,699.12 (say) £2,700

(*see Estimate of R.V.)

Thus, while the area of the Hotel proper, has increased by 11.7%, or the overall entity by 15.6%, the R.V. £2,700 illustrates a minus quantum allowance on the square metre rate of 3.54%,

Mr. McMillan went on to say that the background to hotel developments in the 1960's has been radically altered by experience in the intervening years. At that stage, Government recognised the need for what it deemed unremitting development efforts in recognition of an expanding international tourist industry. This was also perceived as an industry which would require little expenditure on imported raw materials, would help other industries in increasing demand for their products and, by selling its own finished products within the country, represented an advance method of earning foreign currency.

Against this backdrop and encouraged by numerous government inducements, various consultants' reports urged the development of large hotel units to cater for a burgeoning tourist industry and in response to the then (1968/69)shortage of bedroom accommodation. It was under these circumstances that the subject hotel developed and was expanded in anticipation of a year round trade.

As we know, events were to intervene radically altering the market place, including:

(a) The northern troubles commencing in 1969 and remaining with us today.

(b) The worldwide recession pursuant to the 1973 and 1976 Middle East wars, with oil embargoes and great economic troubles in the U.S. and Europe.

(c) In latter years, adverse currency movements have affected the important American and German tourist markets and, of course, the "Libyan factor" has loomed large.

In this situation, the concept of year round trade withered, forcing on the owners the decision to accept the inevitability of seasonal status.

This demotion is more starkly demonstrated by:

(1) The number of days open which declined from a peak of 365 days in 1970, to 195 days in 1987.

(2) Capacity utilisation which has declined dramatically even on an "open time" base.

In response to this new seasonal situation and encouraged by two exceptional years in 1984 and 1985, additional bedroom accommodation and conference facilities were developed in an effort to maximise the benefits of high season. These and other works of improvement and renewal have taken place in an effort to effect maintenance savings and, much more importantly, to keep pace with "consumer demand". It is particularly so in the market sector targeted by Hotel Europe that customs and ideas, demands and expectations change rapidly and therefore much of this expenditure is merely to reflect the absolute necessity of keeping pace and maintaining an international reputation.

However, it is evident that, notwithstanding the substantial investments represented in these recent changes, the hotel will remain seasonal with a corresponding seasonal revenue earning capacity, but with year round overheads. Moreover, this expenditure was possible only with "parental" assistance, without which the entity could simply not have maintained its present status.

Finally, while the hotel is open for conferences, it is not a recognised centre and can normally only cater for such during open season, but excluding July and August.

He provided the following estimate of rateable valuation:

Hotel:	19,325 m2 @ 13,29p/m2		£2,568.29	
	Less quantum allowance @ 5%		128.41	£2,439.88*
	(* = 12.63/m2)			
Sundries:	Boathouse:	175 m2 @ 10p	£17.50	
	Covered Quay:	150 m2 @ 2p	3.00	
	Stables:	285 m2 @ 6p	17.10	
	Plant Rooms:	66 m2 @ 6p	3.96	41.56

	£2,481.44
	(say) £2,500
Less: Downturn factor @20%	500
	R.V. £2,000

A written summary of evidence dated the 20th December, 1988 on behalf of the respondent was submitted by Mr. Declan Lavelle who is a valuer with 8 years experience in the Valuation Office and is a Bachelor of Agricultural Science. In his written summary Mr. Lavelle dealt with the two points stated as grounds of appeal by the appellants:

1. that the amount was excessive and inequitable
2. that the hotel was now a seasonal hotel.

In regard to both these points he stated as follows:

1 <u>EXCESSIVE IN AMOUNT AND IN INEQUITABLE</u>

In general there is no letting market for hotel properties in Ireland, consequently there is no firm rental evidence for use in arriving at a net annual value. Therefore in arriving at an R.V. regard was had to the R.V.s of comparable properties in the Killarney area and the 1969 valuation of the subject property.

The R.V. of £2,300 was agreed in 1969 with Donal O'Buachalla & Co. Ltd.

The floor area at 1969 was 17,300 sm. Analysis of the 1969 figure on a total floor area basis is as follows:

1730 sm @ 13.3p/sm = £2300.90

The subject property is a modern luxurious purpose built hotel dating from 1960.
As during the 1960's the hotel has continued to expand. A new 5 storey block with 4 floors of bedrooms has replaced an original one storey structure. The original swimming pool was converted to a conference centre. A new swimming pool with changing rooms has been added. A sunlounge now adjoins the reception area. These additions and alterations have resulted in the improved layout of the overall hotel.

Other additions outside of the hotel property include a horse riding centre and a thatched restaurant/lounge on the lake shore with a covered landing area for boats.

Double glazed windows have been installed and insulation levels improved to reduce heating costs. The hotel has also been painted with a special plastic coating to minimize water damage.

There are 3 grade A star hotels including the subject property in the Killarney area, the others:

(1) Dunloe Castle, Beaufort

(2) Great Southern, Killarney

The Great Southern Hotel dating from the last century is not a modern hotel.

The Dunloe Castle is a sister hotel of the subject. It is situated on a minor road outside Killarney overlooking the gap of Dunloe.

The Aghadoe Heights (Grade A) and the Killarney Ryan (Grade B star) are two modern purpose built hotels in the Killarney area.

The Aghadoe Heights is situated on a minor road outside Killarney overlooking the lakes.

The Killarney Ryan is situated in Killarney proper and is part of the Ryan Hotel Group. The R.V. of the Killarney Ryan was increased form £1350 to £1455 at 1988 Revision. For comparative purposes the 1987 figure of £1350 is the relevant R.V.

Due to the growth of entertainment and function facilities a comparative method based on total floor area (sm) is now accepted as being more reliable than a bedroom basis.

The attached list of comparisons (Appendix A) indicate a range of 12p/sm to 17.5/sm depending on location, age and size of the property.

Keeping those levels in mind the rate/sm of 13.3p established at 1969 1st Appeal appears reasonable and equitable.

However, the overall improvements to the hotel in terms of

1. Layout
2. Double glazing
3. Improved insulation
4. External protective coating

should be reflected in the R.V. This necessitated an increase in the rate/sm.

The rateable valuation of the property devalues as follows:-

Floor area of hotel property	19325 sm	@ 14p	=	£2705.50
Horse riding centre (incl. stables)	312 sm }			
Restaurant Lounge	175 sm }	@ 10p	=	£ 48.70
Boiler House	39 sm	@ 6p	=	£ 2.34
Boat House	150 sm	@ 4p	=	£ 6.00

Pier/Jetty	say	£ 10.00
	TOTAL:	£2772.54

2 SEASONAL HOTEL, NOT ALL YEAR ROUND UNDERTAKING

If a business ceases to operate on an all year round basis, that in itself may not diminish the beneficial occupation as claimed in this appeal. A hotel trading for a 12 months period makes a management decision to trade over a shorter period,, say 8 months because an analysis of the market indicates that 90% of the business is available during that 8 month period and the 10% of the business which would be available over the remaining 4 months would not justify keeping the hotel open. This scenario does not diminish the beneficial occupation. It is a calculated management decision.

The appellants refer to "Adverse circumstances entirely beyond their control", indicating that the subject property was adversely affected by changes that occurred in the market place.

Having regard to the Rosses Point Hotel Company Limited V The Commissioner of Valuation case [1987] I.R. p.143 at page 147 -"Profit earning ability is the basic element in determining the net annual value. It is based not on actual profits but on what the prospective tenant would anticipate would be his profits."

One must examine the market in which the appellant is competing rather than the actual performance of the subject property.

Supply and demand are the two market forces. To examine the validity of the appellants claim regard must be had to

(A) The amount of available hotel accommodation (supply)

(B) The demand for that accommodation as reflected in the number of guestnights sold.

(C) The seasonality of that demand ie: to what extent does the level of demand vary throughout the year.

(A) AVAILABLE HOTEL ACCOMMODATION (Supply)

An examination of the available grade A star accommodation in the Kerry region shows that the number of registered bedrooms has remained relatively constant since 1969 with a slight downward trend in the total number of bedrooms and a corresponding increase in the number of bedrooms ensuite.

	1969	1987
No. of bedrooms (ensuite)	638 (594)	600(600)

(B) HOTEL GUESTNIGHTS SOLD (Demand):

Demand for hotel accommodation can be assessed on the number of guestnights sold.

On a national basis guestnights sold have fluctuated between 4.3m and 5.6m per annum over recent years.

	1969	1972	1978	1987
No. of guestnights sold	4.8m	4.3m	5.6m	4.9m

On a regional basis guestnights sold have fluctuated between 0.95m and 1.35m per annum over recent years in the Cork/Kerry region.

No. of guestnights sold	1969	1972	1973	1978	1987
in Cork/Kerry region.	1.0m	0.95m	1.27m	1.35m	1.1m

The combined effect of supply and demand for hotel accommodation is best expressed as a bed occupancy rate. In assessing occupancy rates allowance is made for seasonality and varying capacity throughout the year. The national bed occupancy rates for grade A and A star hotels are reasonably constant since 1970, fluctuating between 41% and 49% except for 1972 when it dropped to 31.

(C) SEASONALITY OF DEMAND

An examination of the available data shows that there is a seasonality of demand ie: a period throughout the year when demand for accommodation is below the national average and a second period when demand for hotel guestnights is above the national average.

In the Cork/Kerry region 88% of the total guestnights sold during 1987 were sold between 1st March and 31st October. In 1987 the Hotel Europe opened for business on the 1st March and closed on 31st October. This would appear to be a good management decision taking advantage of the seasonality of demand. This would reduce costs, which it is unlikely would be recouped by trading for a further 4 months and serving 12% of the market.

On examination of the data, the supply of accommodation appears stable, and taking one year with another, there is no significant change in demand for accommodation (ie: guest-nights sold). There is a seasonality factor, however, with the supply and demand factors remaining constant, this enables a hotelier to vary on 88% of the available business over an 8 month period.

ORAL HEARING

At the oral hearing which took place on the 13th March, 1989, Mr. Paul Gallagher, Barrister-at-law, (instructed by Downing, Courtney and Larkin, Solicitors) represented the appellants and Mr. Aindrias O'Caoimh Barrister-at-law (instructed by the Chief State Solicitor) represented the respondent. In addition to Mr. Mc Millan, Mrs. Gros-jean, Manager of Hotel Europe and Mr. Ray Carroll, of Stokes Kennedy Crowley Accountants, gave evidence for the appellants.

Mr. Declan Lavelle gave evidence for the respondent.

Mr. Gallagher outlined the difficulties in arriving at a method of fixing the valuation on this hotel. He came to the conclusion that the only method was to take the 1969 valuation and to compare the present hotel with this both in terms of what was done and in terms of profitability and, he claimed one would arrive at a valuation similar to the Great Southern Hotel, Killarney of £2,000.00. He outlined the capital expenditure since 1969. The only improvement was in 1986 when there was a capital expenditure of 1.8 million. This, he said, was not an improvement but necessary maintenance to keep the hotel in the A star market. A further £3 million pounds was spent on furniture, fittings and carpets. It would not have been possible to secure finance for this had not the parent company granted an interest free loan. Mr. Gallagher claimed that there had been a significant downturn in the tourist industry in Kerry since 1969 with the exception of 1984/85. He took issue with a number of points in the submission from the Valuation Office as follows:

1. the features of Hotel Europe were no better than those of the Great Southern Hotel, Killarney.
2. the management decision to open only for the summer season, as in recent years such as 1987 when the hotel was only opened from the 1st March to the 30th October, was dictated by external factors. Whereas the hotel was previously open all year round increases in cost such as wages made this impracticable in recent years.

3. Bed occupancy rates had no relevance whatsoever. These included Dublin figures and they are also calculated on an annual basis.

Mr. Gallagher said that his main contention was that the hotel has not increased in size since 1969 and that its profitability had decreased. It could not have survived great fluctuations in the downturn period were it not for its parent company. He said that the Great Southern Hotel Killarney was the same type of hotel with similar facilities and therefore the subject property should be rated the same as the Great Southern. Mr. Alan McMillan again outlined the reasons why, in his opinion, Hotel Europe had been "demoted to a seasonal hotel". He also made the following points:

(a) the number of bedrooms had been agreed by both sides

(b) the standard of the hotel was high by Irish standards but not by international terms.

(c) the kitchen of the Tyrolean Room is outdated and is not used. The Tyrolean Restaurant is only used occasionally and then the main kitchen is used to service it.

(d) the Conference Centre in Hotel Europe is inferior to that of the Great Southern Hotel as it was built in the former swimming pool and has a low ceiling not suitable for seminars such as the I.M.I. Conference.

(e) It is usual to give a quantum allowance deduction as the size of the subject premises increases.

Under cross examination by Mr. O'Caoimh, Mr. McMillan said that in 1987 £57,000 approximately was spent on the maintenance of the hotel compared to £201,000 in 1986. He said that the aluminium windows reduce the maintenance costs but that the building is still in a very exposed site.

Mrs. Gros-jean, Manager of the hotel since 1984 said that she has been in the hotel business for the past 20 years all over Europe. She has always worked in first class or de-luxe class hotels in either Switzerland, Spain, France and Italy. She said that the Grade A star rating for Irish hotels does not compare with the 5 star rating on the continent. She said that the standard in 5 star hotels on the continent was of a much higher level as regards bedrooms, though not necessarily in the public areas. She said that the Tyrolean Room is not profitable and is idle apart from once or twice each year. The conference facilities, she claimed, were less favourable than those in the Great Southern Hotel and for this reason they do not get conferences such as the I.M.I. Conference. They only get the spill-over accommodation wise from the Great Southern Hotel for this conference. The Kerry Room is only used as a snack cum tea-room. As regards the horse-riding centre she said that with high insurance this was not cost effective and was difficult to manage. She said that it was not attractive for horse-riding in the technical sense.

With regard to the investment in the hotel Mrs. Gros-jean said that Ireland seemed to be the ideal market for hotels such as Hotel Europe in the 60's and early 70's. It was looked upon as a good holiday centre with cheap prices and compared very favourably to other holiday centres. Since then Greece, Spain and others have entered the market and are cheaper with weather guaranteed. There has also been major cost increases in Ireland which led to the downturn in business. She said that the hotel basically depended on continental Europe and American tourists. The devaluation in the dollar made Ireland very expensive and while there had been profits in 1984/85 these were out of the ordinary. The years 1986 and 1987 were more indicative of the trend when substantial losses were incurred. She said that their European business was initially 50% but now totalled only 10% of their total number of guests. She said that the number of national guests was low basically because it was regarded as an expensive holiday and she felt that, in fact, the occasions when Irish holidaymakers stayed at the hotel were limited to seven periods such as Easter and the Bank Holidays during the season. She said that the troubles in Northern Ireland, the collapse of the dollar and the Libyan factor had all combined to make Ireland a less attractive holiday destination particularly for the American tourists. She said that in 1969 the hotel was opened for more that 300 days, it is now down to an average of 200 days. The competition from this hotel comes mainly from abroad and not from other national hotels. Staff and heating costs were the main reasons why the hotel could not be kept open during the winter.

Under cross examination by Mr. O'Caoimh, Mrs. Gros-jean said that Ashford Castle and Dromoland Castle would rate as 5 star hotels on the continental system. She said that the improvements carried out in 1986 were necessary to generate new business as standards had gone down and the hotel had to be marketed. She outlined various problems with heating and water and said that the carpets had to be replaced. They embarked on a major refurbishing programme. Small single rooms were extended to give twenty double rooms. This refurbishment was done on the basis of an increase of 40% in American tourists in 1985.

In response to Mr. Paul Gallagher she said that the boat house was used for lunches a maximum of four times per year.

Mr. Ron Carroll who is an accountant with Stokes Kennedy Crowley who are auditors for Killarney Hotels said that a separate profit and loss account was available for the Europe Hotel itself but the balance sheet was a consolidated balance sheet for the three hotels in the Killarney Hotels group. He said that the
£1.8 million expenditure on buildings referred to the Europe Hotel and that the amount for fixtures, fittings and carpets of £4.5 million over 2 years included other expenditure as well but that the majority of that was in respect of Hotel Europe. He said that funds were obtained from

the parent company and these were financed by means of an issue of share capital. These could not have been obtained commercially elsewhere. The loan from the parent company was an interest free loan. He said that there was no return on this money and that, in fact, there would be a negative return.

Mr. Declan Lavelle for the respondent said that the Cork/Kerry region outstrips other areas in terms of income revenue from tourism for 1986/87. He said that the original valuation of £2,300 fixed in 1969 breaks down at 13.2p. He said that plastic protective coating and aluminium windows had been added, levels of insulation were improved and this had to be reflected in the net annual value as these reduced maintenance costs. He said that trying to work out a net annual value would only be an academic exercise as essentially the hotel industry in Ireland is an owner-occupied business. He said that the range of comparisons varied between 12 to 12.5p per square metre and that Dunloe Castle was agreed in 1968 at 12p per square metre. In response to cross examination by Mr. Gallagher, Mr. Lavelle said that he did not make any allowances for seasonality. He said that the same number of guests could be accommodated in a shorter space of time and that it would not make economic sense to remain open to serve only 12% of the market. He said that although he did not have sight of the accounts that he had to consider the potential rather than the actual profit. He said that when compared to Dunloe Castle the extra 2,000 metres in the subject premises did not warrant a 5% quantum allowance.

<u>FINAL SUBMISSIONS</u>

The Tribunal put four questions to both sides to consider in their final submissions as follows:

1. Should the Tribunal take the rate per metre square as of 1969 and

    (a) increase that from 13.29p to 14p ?

    or

    (b) reduce by quantum allowance at 5% ?

2. Was there a downturn factor ?
3. If there was should there be a reduction for it ?
4. If yes to 3 above, at what percentage ?

Mr. Gallagher said that the 1969 appropriate rate should be reduced by a quantum allowance. He said there was no increase in the number of bedrooms but there should be a quantum allowance because of the increased area. He said that there was a substantial downturn in the market both in Continental and American tourists particularly. He said there was a negative return on the hotel and that the Great Southern Hotel in Killarney was the best comparison available.

Mr. O'Caoimh said that there had been an increase of 11% in the floor area and that a 5% quantum allowance would suggest that 89% should not have been at the figure it was in 1969. The quantum allowance was already built in to the 13.29p figure taking into account comparable property. He said there should be no question of an allowance for quantum. He said that the hotel was a superior hotel by increasing it by 11% and that the special paint coating made maintenance less expensive for the future. He said that any features of a downturn were not unique to this hotel. If they were then the situation would be different. He said that there was a possibility of increased potential by reason of investment by the parent company and that it could be assumed that they would expect a reasonable return on their expenditure. He said that the hotel business is and always has been a cyclical business.

VISIT TO SUBJECT PREMISES

On the 16th June, 1989, the members of the Tribunal visited the subject premises and would wish to record their gratitude to the management and staff for the facilities made available to inspect the premises. The Tribunal would wish to say that it saw the hotel on a glorious day with the sun shining in Killarney and the setting of the hotel at its brilliant best.

FINDINGS

The Tribunal is convinced that the correct figure to take per metre square is that which was agreed in 1969 and, having regard to the improvements since, the increase from 13.29 to 14p seems to be modest enough. It also brings it into alignment with the rate for the Great Southern Hotel which both sides seem to place reliance upon. The Tribunal is not disposed to allow for any downturn factor. There were the matters militating against the hotel business which were averted to in the evidence but the Tribunal must take one year with another and even as this judgment is being given the dollar has readjusted; the Libyan factor has retreated and tourism is on the increase, while places like Spain and Greece may not be as popular as they were. Now, for the moment, things look set fair to improve. At the end of the day the Tribunal must have regard to comparable values in similar type hotels in the locality and accepts the argument put forward by Mr. Lavelle that to grant the reduction sought on behalf of the appellants would throw the whole basis for such comparisons out of joint.

The Tribunal rejects the idea that there should be a "quantum" reduction and can find no basis for allowing for this and, also, takes the view that the fact that the hotel is not open on a whole year basis is a management decision and, once again, one that cannot attract any reduction in the rateable valuation.

Accordingly, the Tribunal would affirm the decision of the Respondent.