

Appeal No. VA90/1/001

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

**Halal Meat Packers (Ballaghadereen) Ltd**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Factory at Lot No. 6C, Magheraboy, E.D. Cloonfower, R.D. Castlerea, Co. Roscommon  
Quantum - Comparisons, inadequate treatment works

**B E F O R E**

**Henry Abbott**

**Barrister Chairman**

**Padraig Connellan**

**Solicitor**

**Mary Devins**

**Solicitor**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**DELIVERED ON THE 19TH DAY OF OCTOBER, 1990**

By notice of appeal dated day of 11th April, 1990, the appellants appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £2,100 on the above described hereditament.

The grounds of appeal, as set out in the notice of appeal are that the valuation is excessive, inequitable and bad in law. That boilers and electric motors should be excluded from the valuation.

The premises comprise a Beef Processing Factory located one mile from Ballaghaderreen on the Ballymote Road.

### **Written Submissions**

A written submission was received from Mr. Patrick F. Berkery, a valuer with fourteen years experience in the Valuation Office, on behalf of the Commissioner of Valuation on the 11th October, 1990. In this written submission Mr. Berkery said that he inspected the property in February, 1990 and found that it consisted of meat factory with offices, cold stores, killing line, general stores, loading area, workshop, security building and yard. He then outlined the valuation history of the premises and said that the original factory on the site was valued in 1983 and a valuation of £200 fixed at 1st Appeal stage. He said that this property was again listed for revision in 1989 and the total development by Halal Meat Packers Ltd., was valued at £2,100. This was appealed but the Commissioner made no change and it is against this amount that the appellant now appeals to the Tribunal.

Mr. Berkery said that in arriving at the rateable valuation he used two methods namely, (1) the Net Annual Value basis and (2) the comparative basis. He said that in estimating the Net Annual Value of the subject property he had regard to the general level of rentals for industrial buildings in County Roscommon and that the Industrial Development Authority charge £3 per sq.ft. for units over 15,000 sq ft in rural towns with a population of 5,000 or more. As regards the comparative basis he considered the rateable valuation of factories operating a similar business to that of the subject and also other factories operating in County Roscommon. He calculated the rateable valuation as follows: -

**N.A.V Basis**

Offices 7,600 sq ft @ £3.00/sq ft = £ 22,860  
 Cold Stores 40,400 sq ft @ £2.50/sq ft = £101,000  
 Factory 70,427 sq ft @ £2.00/sq ft = £140,854  
 Lairage 19,000 sq ft @ £0.50/sq ft = £ 9,500

Boilers - Replacement cost as supplied by

Halal Ltd. £712,000 x 8% = £ 56,960

£331,174

R.V. = £331,174 x .63%  
 £ 2,086.39

Say £2,100

OR

**Capital Value** Site Cost £0.54 million  
 Civil Work £1.90 million  
 Boiler £0.71 million  
 £3.15 million

Total Cost £3.2 million Say £3.2 million  
 (excluding plant)

N.A.V. @ 10% = £320,000

R.V. = £320,000 x .63%

= £ 2,016

Say £ 2,100

Mr. Berkery attached five comparisons the details of which are attached as Appendix A of this judgment.

A written submission was received from Mr. Patrick Nerney, a rateable valuation consultant, valuer and auctioneer, on behalf of the appellant on the 12th October, 1990. Mr. Nerney said that a beef factory and effluent treatment works was erected on part of the present site in 1980. The premises were then leased to Towey Meats Ltd., which went out of business within a relatively short length of time. He said that the appellants bought the property for £500,000 in 1983 and that additional land was purchased under a separate transaction for £40,000 in 1987. He said that the Company demolished portion of the buildings and built a new factory incorporating the retained structures including boiler house chills and the effluent treatment works which were extended. He said that two oil-fired boilers were installed and that the construction costs were £1.9 million.

Mr. Nerney said the buildings are of fairly standard type factory construction comprising concrete walls or part concrete/ part/ sectional sheet steel cladding and similar type roof covering. He said that the factory has a capacity of 450 cattle per day and that a condition attaching to the planning permission sets an upper limit of 350 cattle per day. Mr. Nerney said that meat factories, especially those processing beef, differ from the general run of factories in that production is concentrated in a short period of the year. He said that this results in the need for a more extensive premises than would be required for factories operating on a more even spread throughout the year. He said that the facilities and sequence of operation as between one meat processing factory and another do not differ to any great extent. He said that there may be variations in size, difference in materials of construction and that some have more or less offices than others. He said that facilities in the subject premises comprise offices, locker rooms, toilets, lairage, hide store, slaughtering area, quartering area, boning hall, chilling, freezing and cold storage together with workshops, boiler house, plant buildings and stores, effluent treatment works and associated structures, surfaced yards and parking areas.

Mr. Nerney attached estimates of the breakdown of the Net Annual Value and valuations of three meat factories which are attached as Appendix B to this judgment. He said that the Net Annual Value of the subject property, whose rateable valuation is £2,100 equates to £2.42 per sq ft whereas the average of the three comparisons supplied is £1.25 per sq ft. Mr. Nerney, in his précis, said that the inclusion of separate values for boilers or yards as further additions amounted to a degree of double valuation and is contrary to the provision of Section 5 of the 1986 Act. Mr. Nerney said that he was of the opinion that the Net Annual Value of the subject property is £172,700 and that a fair valuation would be £1,085, or if boilers were not included £1,100.

### **Oral Hearing**

At the oral hearing, which took place in Galway on the 17th October, 1990, Mr. Patrick Nerney represented the appellant and Mr. Patrick Berkery represented the respondent. As précis of evidence were exchanged in advance and the parties had an opportunity to study these, Mr. Nerney handed in some comments on Mr. Berkery's précis. His comments are attached as Appendix C together with the original submissions of both Mr. Berkery and Mr. Nerney. Mr. Nerney on behalf of the appellant argued that the valuation of the Galtee Food Products Ltd., bacon factory at Mitchelstown, Co. Cork was not a valid comparison as it was in a superior location. Mr. Berkery conceded that the Mitchelstown factory was in a better location than the subject premises and informed the Tribunal that in reaching agreement in relation to the bacon factory plant of James Hanley & Sons Ltd., Rooskey an approximate 25% discount was allowed on the estimated net annual value of the Mitchelstown factory to allow for the inferior location of the Rooskey factory. He submitted that the Tribunal ought to consider the necessity to have uniformity on a national basis subject to such appropriate discounts for changes in regional advantages or disadvantages of location.

Mr. Berkery on behalf of the Commissioner contended that £3/sq ft was the standard letting value of the I.D.A. of standard industrial premises suitable for factories in the area of the subject premises, but the appellant countered this, arguing that the actual letting value of the Hoffner (Ireland) Ltd factory at Ballaghadereen, comprising 20,000 sq ft leased from the I.D.A. up to 1988 was £38,500 per annum which is approximately £2 per square feet overall.

It was argued on behalf of the appellant that the premises of United Meat Packers (Ballyhaunis) Ltd provided a comparison against which the value of the subject premises ought to be measured. It emerged that the Ballyhaunis premises had its valuation fixed on 1st Appeal in 1987 at £1,525 and at that time did not have adequate treatment facilities. Such treatment facilities for effluent have since been added at considerable cost. The Ballyhaunis premises were built in a piecemeal manner and did not present an appearance which would leave either a casual observer or even perhaps an expert inspector confident, that at all times in the future slaughtering licences could be obtained there without major new expenditure. On the other hand, there was agreement between the parties that the subject premises had been almost totally built from a green field situation with facilities being more or less state of the art and in compliance with a modern planning permission. Mr. Nerney argued forcefully that the comparison of the Ballyhaunis premises with the subject premises ought to be made on the basis of cattle killing capacity. He stated that while the limit of the planning permission of the Ballaghadereen plant might indicate 350 cattle per day as a limit of the kill, this figure could be exceeded in practise to be comparable to the 450 average full time capacity kill of the Ballyhaunis plant. He argued that, by excluding the other functions of food processing and killing of other animals in the Ballyhaunis plant, the proportion of the Ballyhaunis valuation which could be attributable to the 450 head kill of cattle would be approximately £800. Mr. Nerney argued that his valuation of the subject premises at £1,100 was reasonable and took into account the fact that the subject premises was more modern and suitable than the Ballyhaunis plant. Mr. Nerney repeated the point made in his précis that the percentage applied to the N.A.V. in the Ballyhaunis and Mitchelstown comparison given by the

respondent was .5% whereas he thought that to insure fair treatment and as he put it "a level playing pitch" between premises that a percentage multiple of .63 ought to be used. In suggesting that the percentage multiple of .63% ought to be used in estimating rateable valuation from N.A.V. Mr. Nerney did not accept the validity of the percentage .63%.

The parties agreed that the replacement cost of the boilers in the subject premises was overstated at £712,000 and agreed that the figure ought to be £71,200, and that the letter from the appellant to the respondent dated the 20th October, 1989 dealing with the matter contained a clerical error to that extent. While the appellant's précis of evidence contested the entitlement of the respondent to separately value the boilers of the subject premises Mr. Nerney did not make any submissions in relation to this aspect at the oral hearing. Nevertheless, the Tribunal takes into consideration in its decision on this appeal the fact that the boilers ought to be included as separate items in the overall valuation of the subject property.

The Tribunal finds that while the Mitchelstown comparison may tend to suggest values which may be too high for the subject property the Ballyhaunis comparison is not directly applicable by reason of the inferiority of the Ballyhaunis facilities. The Tribunal finds that when the valuation of the Ballyhaunis plant was last fixed at 1st Appeal stage in 1987 it had a letting value far inferior to the subject premises. The reason for this being the difficulty in finding a market for a premises with inadequate treatment works and problems of growing or threatened obsolescence's together with the possible threat of licensing difficulties. The Tribunal finds that it was appropriate to fix a valuation on the Ballyhaunis property having regard to its value to the owners insofar as it was capable of producing an income and a cash flow out of the day to day killing of animals and processing of food. The Tribunal and any perspective tenant or purchaser bidding for the Ballyhaunis premises (and indeed the owners thereof) would have to bear in mind, in valuing same, the ever present contingency of having to spend a considerable sum of money in bringing treatment works and other facilities up to a standard which the subject

property now possesses. The Tribunal has considered the valuation of the Hoffner and the Rooskey premises also in coming to a proper valuation of the subject premises and it considers that the application of percentage multiples to estimated N.A.V. does not assist enough in arriving at a fair and equitable valuation of the subject premises in accordance with the legislation governing the position. Having considered the foregoing and all the circumstances of the case and in particular the miscalculation of the replacement cost of the boilers, the Tribunal finds that the rateable valuation of the subject premises ought to be £1,550.