



AUSTRALIAN BANKERS'  
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Dr Kathleen Dermody  
Committee Secretary  
Senate Economics Legislation Committee  
Parliament House  
CANBERRA ACT 2600

Dear Ms Dermody,

Further to my appearance at the **Reserve Bank Amendment (Australian Reconstruction and Development Board) Bill 2013** hearing on Wednesday, 18 March 2015, I provide the following additional information as clarification to the Committee. While I am aware the Committee has completed its inquiry, I felt it was still appropriate to respond to the Committee members' questions.

The Committee raised concerns about instances of the same firm being appointed to undertake property evaluations and, subsequently, appointed as the receiver. The implication was that the firm may have an interest in undervaluing the property.

After looking into this matter I can confirm that industry practice is for an independent property valuer to be appointed to undertake property valuation work and, if required, a different firm to be appointed as receiver or to manage a property placed in receivership. Generally speaking, a receiver who is a member of a firm of which a valuer in the firm has previously performed the valuation is excluded from acting as the receiver or for the sale of the property.

In rare circumstances, for instance a property located in an isolated area where there are very few suitably qualified firms and individuals, a valuer and receiver from the same firm may be appointed. In such cases the arrangements are thoroughly checked as receivers are officers of the debtor corporation and have statutory duties owed to the corporation under the Corporations Act 2001. These duties include exercising care and diligence, not to gain personally or for another or act to the detriment of the corporation. In the exercise of a power of sale of the corporation's property a receiver under s420A of the Act must take all reasonable care to sell the property:

- (a) If, when it is sold, it has a market value – for not less than that market value; or
- (b) Otherwise, for the best price that is reasonably obtainable, having regard to the circumstances existing when the property is sold.

If the Committee has specific examples of firms deliberately under valuing properties I ask that you provide these details to the ABA so we can investigate.

I hope that the above clarifies the situation with regards to valuers and receivers.

Yours sincerely,

Steven Münchenberg