

13 April 2012

Mr Tim Bryant
Committee Secretary
Senate Economics Review Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

By email: economics.sen@aph.gov.au

Dear Mr Bryant,

INQUIRY INTO THE POST-G.F.C. BANKING SECTOR

We acknowledged receipt of your letter dated 2 April 2012. Thank you for the opportunity to respond to the submission provided to the Committee.

The document that you have provided to us with your letter refers to the "Bankwest Senate Enquiry Submission". The submission contains information with respect to a loan facility in February 2008 in the amount of \$2,750,000, provided to a customer of Bankwest for residential development purposes. However, we note that the details of the development have been blacked out in the copy provided to us. We assume that this was intentional on the Committee's part.

On the basis that the Committee has not provided details of the development, we assume you do not seek our response in relation to the specific valuation provided by Colliers International in this instance.

The circumstances described in the submission are consistent with similar developments around Australia, particularly in regional locations. The demand for residential development properties deteriorated significantly as a result of the global financial crisis ("GFC"). In many instances, values of en-globo parcels of land decreased by approximately 70% due to the GFC.

We note that the submission refers to the difference in value of some 50% ascribed to the property by an earlier valuation (commissioned by a different valuer and company) compared to that provided to Bankwest by Colliers International. In many instances, a valuer is not provided with an earlier valuation.

A valuer is retained as an independent expert to provide his or her opinion on the market value of a property, based on the standard required by the International Valuation Standards Committee and the Australian Property Institute, as follows:

"Market value the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion."

In our experience, customers such as the author of the submission have expressed unhappiness with valuations post GFC. We have been given this feedback first-hand in many instances and have numerous anecdotal examples throughout the property industry. Whilst this is unfortunate, it is a direct result of the GFC. Valuers are placed in a position where they must provide an independent expert opinion of market value, which may result in an unfortunate outcome for a customer of a lending institution.



If the Committee would like to discuss this letter or seek any further submissions from us, please contact the writer.

Yours faithfully,

Robert Wall
General Manager
Legal & Risk