

**Statement of Chairman, Mr. Bill Banitamwata, at the handing over of VG funds  
Ceremony 10.00am Tuesday 1 February 2011 at the VFSC Conference Room.**

**Salutations:**

Honorable Minister of Finance & Economic Management & Delegation  
Board Members of the Commission  
Chairman & Executive of the Finance Center Association  
Commissioner & Staffs of the Commission  
Ladies and Gentlemen

It is with great pleasure and honour that I address you this morning.

Let me first of all congratulate the Minister on your appointment and wish the government all the best in the task that lay ahead of you. Secondly, it is my wish to see the Commission continue to work closely with the FCA and government to develop our center into an international financial hub of the pacific.

In my view, the future of our financial center depends on a few key elements including:

1. **Keeping pace with leading jurisdiction in terms of legislation and the variety of product we offer.** At the commission we try to do this but it would appear that at the government level there needs to be greater appreciation of the competitiveness of finance centers around the world and failure to keep pace with these jurisdictions will render our finance center its competitive edge. To give you a few examples:

I. The companies and Trust Service Providers Act was passed in 2010 but to date it has not been gazetted although the former Minister of Finance has instructed the Attorney General to do so. This Act is important because it will require all service providers to be properly licensed and supervised by the Commission. Principals must pass the 'fit & proper' test. I cannot over-emphasize the need to maintain a high level of credibility and competence among the service providers;

II. The passage of the Companies & Corporate Insolvency Bills is important because:

(a) It will be a substantial improvement on the existing Companies Act Cap 191;

(b) The Commission will get additional funding for an electronic registry as part of the package. The new registry will provide a competitive edge over jurisdictions in the pacific. It will also boost income for the commission and government. In addition, there will be additional funding for a new Trustee Bill. Vanuatu does not have any trust legislation at present.

2. **Increasing efficiency at the Commission through effective processes.** In 2010, the commission approved a new set of policies and a new five year corporate plan. However, these plans hinge on the installation of the registry. It has provided training to four of the seven directors through the NZ institute of directors training program. This program will be completed in 2011 for the remaining three directors. This training may well in future be extended to state owned Enterprise directors as well.

The commission was reconstructed in 2010 to allow for the supervision of insurance to be transferred to the Reserve Bank of Vanuatu.

With the introduction of an electronic registry, turnaround for company incorporations will be reduced from around seven days to one day. New system of payments and filing of documents by electronic means will provide a lot of comfort to the service providers.

3. **Pool of Expertise:** In order to develop our finance center, there has to be a greater pool of

expertise in the country to cater for the services of a fully fledged finance center. Government should this move as this will also increase investment flows into the country and develop local capacity.

**4. Graduation to the OECD White list:** Vanuatu has already concluded 10 TIEAs. It is imperative that the two additional TIEAs be concluded urgently in order to graduate. The white list will provide good marketing credentials and prevent any punitive measures against Vanuatu from the G20 countries.

Turning now to today's program, it must be emphasized that 2010 has been an active, challenging and daunting year for financial services regulators all around the world. The unfolding financial crisis has cross border information exchange. The turmoil within the global financial centers under even greater scrutiny.

Our responsibilities as regulators have become more complex and more challenging. As the commission navigates the new and still evolving reality that is the regulation and supervision of cross border financial services activities, we are determined than ever to maintain Vanuatu's standing as a world-class, risk-based regulator committed to sound, proportionate and prudent supervisory regime.

Accordingly, we have worked very closely with our industry, the Vanuatu government, international agencies and development partners to manage the impact of the financial crisis on the local industry.

The commission embarked on the year committed to a full calendar of activities and initiatives, as laid out in its corporate plan. These were designed to ensure that the commission continued to apply appropriate best practices and international standards to its oversight of entities conducting financial businesses in and from within Vanuatu. This included engaging the services of private consultants. Gaps identified were addressed in order that Vanuatu's regulatory regime and industry-related legislation remained compliant with international requirements.

During 2010, the commission raised VT334,893,726 in revenues from the various Acts of Parliament it administers. As stipulated in the VFSC Act CAP 222, the contribution to the Government General Revenue Fund constitutes 75% of the Commissions income and for 2010, this amounts to VT250,893,726. This is a slight increase from the 2009 contribution of VT233,737,161. Given the on-going global financial situation, I am extremely happy that the commission was able make a net increase of 7.3% in contributions to the government.

At this point, I wish to note that although we making progress at the commission, one matter appears to remain unresolved and that is the audit of the commission's financial statements from 1995 to 2009. The accounts have been with the Auditor General for sometime and attempts to meet him have been unsuccessful. I request that you seek clarification with the Auditor General pertaining to the financial Statements as the Board plans to submit its 2010 Accounts before 31 March 2011.

To conclude my remarks, I wish to state here the Commission's profound gratitude to those industry practitioners who continued in 2010 to give freely of their time and expertise in contributing to policy formulation and legislation and in serving on various working groups and task forces. This truly helped to strengthen the Vanuatu's value proposition.

I must also thank our Board of Directors and the Vanuatu government for their on-going and steadfast support. I am also extremely grateful to our dedicated and energetic staff who have worked with

renewed commitment and vigilance to ensure that the commission achieved its objectives efficiently and effectively.

I look forward to financial services continuing to make a powerful contribution to the economic well-being of the country.

Bill Banitamwata  
Chairman of the Board