

# REPUBLIC OF VANUATU

## BILL FOR THE RESERVE BANK OF VANUATU (AMENDMENT) ACT NO. OF 2023

### Explanatory Note

This Bill amends the Reserve Bank of Vanuatu Act [CAP 125] (“the Act”).

The Reserve Bank of Vanuatu (“the Bank”) as the monetary authority has clearly defined and prioritized objectives. In order to achieve these objectives, it must have sufficient authority and autonomy for the Bank to remain credible.

In 2022, the Act was amended which affected the authority and autonomy of the Bank and which affected the Bank’s ability to meet its prioritized objectives. This Bill repeals most of the amendments made in 2022 and reinstates the provisions that were originally in the Act.

This Bill will:

- reinstate the corporate governance framework of the Bank; and
- ensure institutional stability and resilience; and
- restore the autonomy of the Bank; and
- foster confidence in the financial system in Vanuatu; and
- restore, protect and strengthen the Bank’s autonomy as a key financial institution in the country, and the authority in charge of monetary policy and regulator of financial institutions; and
- protect the Bank from third party and political interference; and
- protect the Bank’s technical human resource pool that is vital for performing its roles and ensuring business continuity and operations; and
- minimise reputational, strategic, political and operational risks

**Minister of Finance and Economic Management**



**REPUBLIC OF VANUATU**

**BILL FOR THE  
RESERVE BANK OF VANUATU (AMENDMENT)  
ACT NO. OF 2023**

**Arrangement of Sections**

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# REPUBLIC OF VANUATU

## **BILL FOR THE RESERVE BANK OF VANUATU (AMENDMENT) ACT NO.      OF 2023**

An Act to amend the Reserve Bank of Vanuatu Act [CAP 125] Act.

Be it enacted by the President and Parliament as follows-

### **1      Amendment**

The Reserve Bank of Vanuatu Act [CAP 125] is amended as set out in the Schedule.

### **2      Commencement**

This Act commences on the day on which it is published in the Gazette.

## SCHEDULE

### AMENDMENTS OF RESERVE BANK OF VANUATU ACT [CAP 125]

#### **1 Subsections 6(1), (1A) and (1B)**

Repeal the subsections, substitute

“(1) The Board is to determine the net profit of the Reserve Bank for any financial year by applying of International Financial Reporting Standards and current best central bank practice.”

#### **2 Subsection 7(3)**

Repeal the subsection, substitute

“(3) The Board must ensure that the balance of the net profit for the financial year remaining after the deductions are done under subsections (1) and (2), must be paid to the Government, as soon as practicable, after the end of each financial year.”

#### **3 After subsection 8(4B)**

Insert

“(4BA) The Deputy Chairperson of the Board is to be elected from amongst the members of the Board.”

#### **4 Subsection 8(5)**

After “Board,” (first occurring) insert “or in his or her absence, the Deputy Chairperson of the Board,”

#### **5 Subsection 8A(1)**

Repeal the subsection, substitute

“(1) The Prime Minister is to appoint the Governor on the recommendation of the Minister and after consultation with the Board.”

#### **6 Subsection 8A(1B)**

Repeal the subsection, substitute

“(1B) A person appointed as Governor must be a person with experience in financial matters and must have central banking management experience.”

**7 Subsection 8A(1D)**

Delete “only once”

**8 Subsection 8B(1)**

Delete “with the approval of the Minister”, substitute “after consultation with the Minister.”

**9 Subsections 8B(1B)**

Repeal the subsection, substitute

“(1B) A person appointed as Deputy Governor must be a person with experience in financial matters and must have central banking management experience.”

**10 Subsections 8B(1C)**

Delete “with the approval of the Minister”

**11 Subsections 8B(1D)**

Delete “only once”

**12 Sections 10 and 10A**

Repeal the sections, substitute

**“10. Power to appoint officers and employ employees**

The Governor may appoint officers and employ employees, at such remuneration and on such terms and conditions as he or she may prescribe, as the Governor may consider necessary for the due performance of the objects of the Reserve Bank.”

**13 Subsection 40(3)**

Repeal the subsection.

**14 Section 47**

Repeal the section, substitute

**“47. Regulation**

The Minister may, by Order, and on the recommendation of the Board, make such Regulations as is necessary or convenient for the better carrying out or to give effect to the provisions of this Act.”

**15 Transitional**

The employees of the Reserve Bank who were employed immediately before the commencement of this Act are to continue in office as employees of the Reserve Bank on the same terms and conditions of employment with the same accrued or accruing entitlements.