

Corporate Governance Code already under pressure in PJIAE case?

Last week *The Daily Herald* informed its readers that the members of the Supervisory Board of Director of the Princess Juliana International Airport Operating Company (PJIAE) have been informed that the Island Government will be looking at other candidates to serve on the board by the end of this year. The members whose terms are

coming to an end were reportedly told that there was a better than likely chance that their services would not be retained and those whose terms will not be ending were advised to make their positions available and resign.

Is this true? Are we listening to "the same old song" (after a change of government, the new government

wants to put in its own people in the various boards and supervisory boards of government-owned companies)? If so, this would be a clear demonstration of disrespect for the guidelines of the Corporate Governance Code, which code was only recently implemented by our Island Government.

The Corporate Governance Code was introduced to stimulate good entrepreneurship of government-owned companies. Another aim of the code is to put an end to dominant island territory shareholding. The Code introduced rules for the procedure regarding the appointment and dismissal of members of the Board, and members of the Supervisory Board of Directors.

Disrespect for the guidelines of the Corporate Governance Code would also show that St. Maarten is not really willing to mature and not really willing to act in a professional manner with government-owned companies. In the end, also in

government owned-companies, the interests of the company should be put at the first place and not the political interests of the commissioner, who has a certain public-owned company like PJIAE N.V. in his or her portfolio.

Using government-owned companies for political purposes is very undesirable, as the following examples may clearly demonstrate:

- jobs in the company may be easily given to friends of politicians and related companies, even though same may not really be in the interest of the company;
- companies of political friends and families may sooner be contracted for activities related with the airport, even though this may not really be in the interest of the company;
- the Board may decide to pay an irresponsible high dividend to its shareholders (the Government), even though this may not be in the interest of the company;
- The commissioner may try to have direct influ-

ence on the major decisions of the company, which could easily go beyond the business economical interests of the company.

To avoid this kind of practices, it is required that Members of the Supervisory Board are elected based on their competence for the function of a Supervisory Board member, regardless of their political colour. Board members that are only elected based on their political colour will be more inclined to only act as the puppets of the commissioner or government that put them in that place.

The latter may be very "convenient" for the commissioner or government, however, does not contribute to the proper functioning of government-owned companies and it does not fit in a proper system of checks and balances, as it is in the public interest that the independence of member of the Supervisory Board of Directors will be guaranteed.

Furthermore appointed members of supervisory boards should feel com-

pletely free to look with an independent, critical and professional view to the board of directors and the interests of the company. These members should not be burdened by a political mortgage (on their back).

If the St. Maarten government wants to show its readiness in becoming country St. Maarten, St. Maarten should show professionalism and act in the compliance with the Good Governance Code with the appointment and dismissal of Board Members of government-owned companies. Now is the time to show good governance.

As far as the corporate government is concerned, the government is both player and referee. We, the people, should make sure that the referee will stick to the rules of play and that those rules will not be changed during the game.

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