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Most MPs say no to cap on board seats

Of 46 PAP MPs who can be directors, 26 do not sit on the boards of any listed firms; only four hold over five posts

By [Lydia Lim and Wee Li-en](#)

DIRECTORSHIPS held by MPs made the news recently when guidelines on their conduct were updated, but a lingering question is whether one can have too many directorships.

Should there be a cap on the number of boards MPs can sit on? All but three of 22 People's Action Party (PAP) MPs polled by The Straits Times opposed a cap. They said there is no one-size-fits-all solution that can ensure those in demand do not overstretch themselves.

They thought it is best to let company nominating committees decide who they want as independent directors.

Expressing a typical view, Mr Gan Kim Yong (Holland-Bukit Panjang GRC) said: 'Companies should evaluate the effectiveness of their own directors. If they are effective, keep them. If not, then appoint someone else.'

The MPs were polled after a survey found many companies want a cap on the number of non-executive directorships someone with a full-time job can hold.

Eight in 10 of the 102 firms polled by the National University of Singapore Business School corporate governance and financial reporting centre favoured a cap. The survey did not ask what the number should be.

However, the Securities Investors Association of Singapore maintained that someone who is fully employed should not sit on more than three or four boards. This is also the limit recommended by the United States National Association of Corporate Directors.

Ironically, while firms call for a cap, some consider PAP MPs such a prize catch they want to appoint them as directors even when they already have multiple directorships.

Of the 46 PAP MPs - out of 82 - who are not office holders and so can be independent directors, four have six to 10 directorships.

Another 16 have between one and five. However, the majority - 26 - have none.

Of the four who have more than five directorships, one has a full-time job: Bukit Timah MP Wang Kai Yuen is the managing director of Xerox Software Singapore.

He has 10 directorships and ties for top spot with Tampines GRC MP Ong Kian Min, a freelance consultant for law firm Drew & Napier. Hong Kah GRC's John Chen and East Coast GRC's Chew Heng Ching have seven each.

Dr Chen is self-employed. Mr Chew, chairman of the Singapore Institute of Directors, said he is a 'professional

director' whose job is to 'help run listed companies'.

For the ruling party, the key concern is that MPs must keep their business and employment interests separate from their political position.

In April, Prime Minister Goh Chok Tong updated guidelines for PAP MPs' involvement in directorships. They must now declare to the party Whip each year the directorships they hold and fees and stock options earned.

After its release, Dr Wang gave up one position as a new rule barred MPs from the boards of companies owned or headed by grassroots leaders they appointed.

Among those against a cap is Ang Mo Kio GRC MP Inderjit Singh: 'It won't address the real issue, which is that we want MPs to effectively carry out all the duties they undertake, whether government-related or private.'

Many said the final decision should be with the MP.

A cap also goes against the spirit of recent economic regulations, Dr Chen argued, with Singapore moving away from a rules-oriented regime to one based on disclosure.

As for companies favouring a cap, Mr Ong said: 'They should just not appoint people who have more than a certain number of directorships.'

After all, Singapore's Code of Corporate Governance places the onus on companies to have internal guidelines 'that address the competing time commitments that are faced when directors serve on multiple boards'.

Agreeing, Associate Professor Mak Yuen Teen, co-director of the NUS centre which did the survey, said: 'The key issue is not the number of directorships held but improving the process by which directors are selected.'

Firms should put in place systems to ensure directors can do the job and 'similarly, the Government should monitor the time commitment of MPs to constituents and government business'.

Only two of the 22 MPs polled agreed with a cap: Marine Parade GRC MP R. Ravindran and West Coast GRC MP Ho Geok Choo. Mr Ravindran thought a cap of four is fair for most people with full-time jobs. This is based on his own calculation of how much time a director needs to spend on reports and meetings, which number between four and eight a year for most listed firms.

Dr Wang chose not to take a stand on the cap issue: 'I'll leave it to the authorities and go by whatever they decide.'

East Coast GRC MP Tan Soo Khoon thinks the integrity of MPs and the office they hold is best protected by their being selective.

They should ask themselves why a company wants them, especially if they are unfamiliar with its business or lack experience. 'When an MP accepts directorships indiscriminately - and word of this can get around fast in the business community - he does not bring credit to the office of MP.'

