Here's the plan for a united winning SA

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ANN CROTTY: Here's the plan for a united winning SA Restraints should be forced on executives too, not just civil servants BL PREMIUM 07 November 2019 - 05:00 A South African flag on the Donkin Reserve. Picture: THE HERALD/MIKE HOLMES Where would this country be if we took business as seriously as we take sport, or at least rugby? Instead of corporate headhunters and members of nomination committees identifying the new leaders out of a smallish pool, we'd have talent scouts scouring every corner of the country looking for individuals with the greatest potential. It's not just in rugby that this country has enormous talent; how sad that, for reasons stretching across government and the private sector, so much of it is allowed to go to waste. But that's a story for another day. Right now we have to brace ourselves for the battle to reduce the cost of SA's civil servants, which runs to a heart-stopping 35% of government spending. As expected, the public sector trade unions have indicated that they're more than ready for the fight. And finance minister Tito Mboweni has given notice of his intention to do whatever is necessary. As part of the squeezed middle class that has not had a pay increase since the Springboks last won the Rugby World Cup, I find the prospect of forcing restraint on entitled civil servants encouraging. But it really should be matched by similar restraint on the other source of the squeeze — our entitled executive class. No company that has allocated incentives over the past five years should be allowed to express a view on the government wage bill And so, perhaps before business weighs in with the usual calls for restraint by workers, we could lay down some ground rules. No company that has allocated short- and/or long-term incentives over the past five years, and no organisation that represents such a company, should be allowed to express a view on the government wage bill. In addition to various business organisations, this prohibition would extend to economists from the banks, life insurers and fund managers whose top executives are paid bizarre amounts of money. And of course the prohibition would include the disturbingly large numbers of listed companies which, without resorting to incentives, pay their executives exorbitant guaranteed remuneration packages, totally out of whack with pedestrian or shrinking profit performances. Tahir Maepa of the Public Servants Association makes an excellent point when he talks of the need to get a handle on the use of consultants by senior managers in government. These managers are paid huge sums to do work that ends up being done by consultants. The same could be said of listed companies which pay untold sums to consultants every year, to do much of the stuff we thought the overpaid executives were doing. Remarkably, shareholders are kept in the dark about the use of such consultants. They are told nothing about the costs, the nature of the work or the names — it would be nice to know if Bain or McKinsey were used by your favourite listed company. Unlike their foreign counterparts, our listed entities don't even have to disclose the names of the companies which provide them with remuneration advice. So here's the plan for a united winning nation: every listed company commits to a remuneration policy that, for at least five years, allows for a maximum real increase in guaranteed fixed pay of nil and no incentives. In many instances, where there's been no recent profit growth, it might be necessary to first reset the base. Any company committing to this policy earns the right to lambaste public sector excess....