

Eye Witness News 30 May 2011

Increasing wage demands 'not sustainable'

Chantall Presence

Financial and Fiscal Commission (FFC) CEO Bongani Khumalo on Monday said that there is a need for government to put its foot down where wage demands are concerned.

There has been increasing concern that the above inflation pay demand from public sector workers is placing serious strain on the fiscus.

The commission tabled its recommendations for the 2012/13 division of revenue in Parliament on Monday.

The FFC said increasing personnel budgets do pose a threat.

Khumalo said increasing wage demands are not sustainable, given the projections for revenue collection going forward which could lead to government borrowing to fund staff costs.

He said the commission is in favour of multi-year pay agreements between unions and government.

"That would allow a relatively flexible and more certain environment in terms of what happens to the outcomes of the collective bargaining exercises. The growing personnel budgets would tend to be sustainable," he said.

Khumalo added that if government staff costs continue to rise, it may result in important projects being cancelled.

<http://www.eyewitnessnews.co.za/Story.aspx?Id=66811>