



MEDIA RELEASE **Interest rate increase: PSA calls for government intervention**

DATE 31 January 2023

EMBARGO None

ENQUIRIES communication@psa.co.za

The Public Servants Association (PSA) is shocked by the heartless decision by the South African Reserve Bank (SARB) Monetary Committee to increase the repo rate for the eighth consecutive time. The latest increase by 25 basis points takes the repo rate to 7.25%, which may leave many public servants homeless as they can no longer afford these payments.

SARB Committee members seem to be oblivious of the reality faced by South Africans. Workers, and particularly public servants, are facing extreme financial pressures. The combined effects of constant interest rate increases, rising living costs, and stagnant salaries pose a threat to government employees of losing their houses, which are steadily becoming unaffordable. Downgrading is also no longer an option for many employees who are drowning in debt with impaired credit. This situation is resulting in employees calling for early and partial access to pension fund savings to save their housing. Employees are not only paying increasing bonds and increased medical-aid contributions but must absorb high school fee costs owing to dysfunctional public schools and overcrowding, and endure expensive food, fuel, and electricity costs, leaving them very little financial room.

The PSA has previously called upon the SARB to reconsider its monetary policy, which is not working for the country or assisting its most needy citizens. Constant interest rate increases do not assist in addressing rampant unemployment, inequality, and poverty, which are fuelled by load-shedding. The PSA calls on the National Treasury to urgently fast-track the launching of a housing bank to provide loans to public sector employees as the only solution for “homeless” government employees. Many of these workers are compelled to rent backrooms in townships or cramped flats where safety and hygiene are absent.

Whilst the launch of the bank is being considered, the PSA calls on government to allow employees to access their savings in the Government Employees Housing Scheme as it defies logic to continue saving money for a person who is unable to put food on the table. Struggling public sector employees are facing immediate pressing needs. Releasing such monies will assist them as government has failed to afford them real salary increases for the past three years or allowing them partial access to their pension money.

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