MEDIA RELEASE	**Interest rate increase: PSA calls for review of SARB policy**
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The Public Servants Association (PSA) condemns the decision of the South African Reserve Bank (SARS) Monetary Committee to increase the repo rate by 75 basis points to 7% effectively from 25 November 2022. This move has resulted in a cumulative, whopping increase of 350 basis points since November 2021.

The PSA has previously warned the SARB that these consecutive increases would quickly take us back to more than 10% and it is thus not surprising that the current lending rate is 10.50%. South Africans have not recovered financially from the effect of the pandemic and the cruel move by the SARB is deepening their crisis and ability to afford necessities. The SARB is not serving the interest of South Africans as it makes trading difficult, with small businesses being severely affected and closing doors, thus further fuelling high unemployment, and reducing tax-collection revenue. The SARB monetary policy is continuously failing to address the country's triple challenges of unemployment, poverty, and inequality. The PSA thus regards the SARB as a problem for society and a review of its mandate and policy position is required to address the country's challenges. The SARB is currently serving banks at the expense of citizens. The aggressive interest-rate increases make debt more expensive and increase profits for commercial banks. The SARB is not contributing towards the transformation agenda and is failing to uplift living standards of the poor and worsening their situation.

The SARB is, unfortunately, taking its que from the National Treasury in serving its masters and not the country's desperate citizens. Western agencies such as the International Monetary Fund, which calls for the consolidation of fiscal position, influenced Treasury to implement austerity measures that have severely harmed the country. Workers are getting below-CPI salary increases and finding it difficult to service their debts at high repayment rates. Workers are barely coping under economic hardship owing to ever-increasing prices of fuel, electricity, food, and public transport coupled with stagnant salaries. Municipalities are equally affected as workers have to choose between paying for municipal services and buying food for their families.

The SARB's approach of an inflation-targeting policy is outdated, against the developmental agenda, and has proven hazardous for the country, with South Africa losing competitiveness in many industries. Traditionally, inflation targeting ignores important objectives such as economic growth and unemployment as it is fixated on inflation-related goals, resulting in low growth in output and employment. Such an approach in a developing country is debatable. The SARB needs to review its approach to serve the interests of South African citizens and stop the constant financial attack on the working class.

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