



**MEDIA RELEASE**                                    **PSA disappointed with Reserve Bank's decision to maintain repo rate**

**DATE**     25 January 2024

**EMBARGO**     None

**ENQUIRIES**     communication@psa.co.za

---

The Public Servants Association of South Africa (PSA) is extremely disappointed with the announcement by the Monetary Policy Committee (MPC) that the repo rate will remain unchanged.

The MPC has ignored the challenges faced by public-sector employees and the country. Workers, in general, have not recovered from the effects of the COVID-19 pandemic. Jobs were lost, income streams ran dry, families were destroyed, and assets were lost. The cost of living has become extremely high, and most citizens find it difficult to make ends meet. With the academic year for schools and universities underway, the demands placed on incomes have increased even further.

The MPC missed an opportunity to assist citizens by reducing interest rates. This ignorance could plunge the country into a deeper financial crisis. The middle class, being mostly public-sector employees, is deeply in debt, with many being close to bankruptcy. Accounts are in arrears and debtors are repossessing property. A report issued in October 2023 indicated that 73% of disposable household income is used for servicing debt repayments. Workers are losing their homes and cars as they struggle to pay mortgages. The rate of repossession of assets, especially vehicles, was so high in 2023 that the Ombudsman for Banking Services raised alarm, blaming this on the prolonged heightened cost of living.

The repossession of assets is not a simple case of people living beyond their means. It is rather a matter of rising interest rates, which have far outpaced income increases. Last year, a Nedbank monitor reported that 62% of South Africans complained that "their spending equals or exceeded their income". This is the reality for working adults in South Africa. People who used to be able afford a home have over the past years just been covering for interest. This is money they did not have or budget for.

It is unfortunately clear that the MPC has no compassion with the struggling middle class and does not care about the wellbeing of citizens. Whilst acknowledging the complexity of economic considerations, the PSA firmly believes that a reduction in interest rates was imperative for fostering much-needed economic growth and stability in South Africa.

END

