

MEDIA RELEASE PSA shocked about interest-rate hike amid growing cost-of-living crisis

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The Public Servants Association (PSA) is shocked and disappointed with the decision to increase the interest rate by 25 basis points at a time when South Africans, particularly public servants, are already under immense financial pressure.

This increase comes amidst severe economic uncertainty, rising living costs, escalating fuel prices, and a proposed fuel-levy adjustment. All these factors continue to erode the disposable income of workers. Instead of providing relief to struggling households, government and financial authorities continue to impose additional financial burdens on workers who are already battling to survive. Public servants remain amongst the hardest hit. These employees continue to render essential services under extremely difficult conditions, whilst being overworked, understaffed, and underpaid. The recently implemented salary increase of a mere 4% falls far below the actual inflationary pressures experienced by workers and does not adequately address the rising costs of food, transport, electricity, housing, and debt repayments.

The latest interest rate increase will have devastating consequences for public servants who are heavily reliant on credit to sustain their households. Mortgage repayments, vehicle finance, personal loans, and other debt obligations will increase further, leaving many workers financially vulnerable and exposed to over-indebtedness. The PSA is considering numerous interventions such as work-from-home initiatives aimed at alleviating the growing financial burden faced by public servants, particularly in relation to rising fuel costs and the overall cost-of-living crisis. These efforts are, however, continuously undermined by economic decisions that place workers under even greater pressure.

The PSA calls on government and relevant economic stakeholders to prioritise the welfare of workers and citizens by implementing practical measures that stimulate economic relief rather than deepen financial hardship. Public servants cannot continue to absorb the consequences of poor economic conditions whilst their wages remain stagnant and living costs continue to rise. The PSA is committed to defending the interests of public servants and will continue to engage all relevant stakeholders to seek urgent interventions that protect workers from further financial distress.

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