PSA
The Union Of Choice

MEDIA RELEASE	PSA urges Reserve Bank to avoid rate hikes as public servants face mounting financial pressure
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The Public Servants Association (PSA), representing more than 250 000 public-sector employees across South Africa, calls on the South African Reserve Bank (SARB) to carefully consider the severe financial pressure facing households when deliberating on the repo rate at its Monetary Policy Committee meeting scheduled for 23 July 2026.

Although annual salary adjustments have been implemented in recent years, wage increases have not kept pace with the cumulative impact of inflation and the sustained increase in the cost of living. Rising prices of food, fuel, electricity, transport, municipal services, insurance, education, and other household necessities have steadily eroded the purchasing power of employees.

The PSA is extremely concerned that any increase in interest rates will place additional strain on public servants who are already struggling to meet their financial obligations. Many employees are carrying substantial debt in the form of home loans, vehicle finance, personal loans, and other credit commitments. Higher interest rates would result in increased monthly repayments, reducing disposable income further and placing many households under greater financial pressure.

South Africa's economy requires a balanced approach that promotes stability, investment, job creation, and consumer confidence. Increasing borrowing costs at this stage risks placing additional pressure on households that are struggling with elevated living costs and rising debt-servicing obligations. Public servants should not continue to bear the burden of economic challenges that are beyond their control.

The PSA urges the Governor of the SARB and members of the Monetary Policy Committee to carefully consider the socio-economic impact of any decision that would increase borrowing costs. Maintaining the current repo rate would help prevent further deterioration in household finances. Consideration of future rate reductions, should inflationary conditions permit, would provide meaningful relief to millions of South Africans burdened by rising living costs and debt. The PSA is committed to advocating for measures that protect the financial wellbeing of public servants and their families. The PSA further calls on government to ensure that future wage negotiations adequately reflect the real cost of living and the financial realities facing employees.

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