

## South Sudan denies austerity measures have cut salaries

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October 25, 2012 (JUBA) - South Sudan's Ministry of Finance and Economic Planning on Thursday broke its silence over confusion stemming from allegations that the austerity measures have led to salaries of state employees have been reduced.

Following an dispute with Sudan over oil transit fees South Sudan was forced to reduce its expenditure after it stopped its 350,000 barrels a day production depriving the 15-month-old country of 98% of its income. South Sudan accused Sudan of confiscating oil entitlements worth about US\$815m.

Despite the huge drop in revenues, the government promised that an austerity programme would not effect the salaries of civil servants, police, soldiers and other government employees.

Some of South Sudan's ten state governments have cut salaries of their employees blaming the oil-dispute-induced austerity measures.

In Western Bahr el Ghazal, state employees refused to receive salaries for the months of August and September in a protest to 50% cut in their salaries. State officials argued that the cut was due to austerity measures and allocation of the state budget based on the contentious 2008 census results.

[Unity State's](#) government introduced a [25% reduction in salaries](#) for all civil servants earlier this month.

In Lakes State members of police in [Rumbek Central County](#) shot a Police Inspector in the arm after he announced that they would receive a salary cut.

But the central government in Juba has dismissed claims that the actions taken by state government's including Western Bahr el Ghazal were related to the austerity measures.

The Ministry said that reductions were made in housing allowances, block transfers and reduction of government spending on projects rather than on staff salaries.

In a statement the Ministry of Finance said:

“This is to inform the public in general and the civil servants in particular all over the Republic of South Sudan that the Ministry of Finance and Economic Planning has not directed any cut in the basic salaries of government employees whether at the State or National level. Any State authority that cuts the salaries/wages of its workers is not implementing the policy of the National Government. It has nothing to do with the austerity measures undertaken by the National Ministry of Finance and Economic Planning. Of course States have competence to determine their salary and staffing levels”.

The statement, which carries signature of Abraham Diing Akoi, an economic policy and media relations official explained that the austerity measures reduce housing allowances by 50% but were applicable only at the central level because state civil servants do not receive housing allowances.

“This will not affect the states even if they opt to follow National Government policy since there would be no housing allowance to deduct. Conditional salary transfers to the States were not reduced except for the elimination of job specific allowances. Block grants to States were reduced by 25%. This was significantly less than the reduction in the National Government budget of 35%. States are free to use their block grants in the way they want.”

The two countries, under the facilitation of the African Union High Level Implementation Panel reached a deal in August, which could see the young nation pay US\$9.10 for every barrel of oil produced in Upper Nile and \$11.00 for every barrel produced in Unity State. In addition Juba also offered \$3 billion as a transitional financial assistance to Sudan.

Under a Cooperation Agreement on nine post-independence issues signed on September 27, South Sudan will pay between \$9.10 and \$11 a barrel to export its crude through the north. Juba will also pay \$3.08 billion to help Sudan overcome the loss

of three quarters of oil production due to southern secession.  
South Sudan is expected to resume exports in two or three months.

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