****

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 1393 [NW1535E]**

**DATE OF PUBLICATION: 26 MAY 2017**

**1393. Mr D J Maynier (DA) to ask the Minister of Finance:**

What is the (a) total amount spent by Government and (b) the detailed breakdown of such expenditure, in respect of (i) Standard and Poor’s, (ii) Moody’s, (iii) Fitch and (iv) any other ratings agency from 1 April 2008 to date? NW1535E

**REPLY:**

1. Total amount spent by Government on rating agencies fees

South Africa has solicited the credit rating services of Moody’s Investors Services (Moody’s), S&P Global Ratings (S&P), Fitch Ratings (Fitch) and the Japanese’ Ratings and Investment Information, Inc. (R&I). In terms of the contractual agreements, the government has to pay fees to the rating agencies for the services rendered.

Since April 2008 to May 2017, a total amount of **R 81 451 873.00** has been paid to the rating agencies. The table below illustrates the total spent in rands made to all the four solicited credit rating agencies. S&P is the highest paid rating agency followed by Moody’s.



(b) The detailed breakdown of such expenditure per rating agency:

(i) S&P:

S&P’s annual rating fees are based on:

* Annual surveillance;
* Rating of long term debt issuances;
* Ratings of short term debt issuances; and
* Ratings of the Commercial Paper and Medium Term Notes.

(ii) Moody’s:

Moody’s annual and quarterly rating fees are based on:

* Annual and quarterly credit surveillance;
* Ratings of all Non-US Medium Term Notes Programs;
* Ratings of all US Medium Term Notes;
* Ratings of all Global Medium Term Notes Programs;
* Ratings of all Commercial Paper/Short Term; and
* Ratings of all long term debt issuances and Medium Term Notes sales in all markets including local currency debt issuances.

(iii) Fitch

Fitch’s annual rating fees are based on:

* Annual surveillance;
* Ratings of debt issuance; and
* Expense reimbursement for reasonable travel and lodging expense incurred during the annual rating mission to the Republic of South Africa.

(iv) R&I

R&I’s annual rating fee is based on:

* On-going surveillance of the credit rating
* Foreign currency issuer rating;
* Domestic currency issuer rating; and
* Foreign currency short term rating.