**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 564 [NW670E]**

**DATE OF PUBLICATION: 4 MARCH 2016**

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

(1) Whether any gold reserves are held by the Bank of England on behalf of South Africa; if not, what is the position in this regard; if so, why;

(2) (a) how many gold bars are held by the Bank of England on behalf of South Africa and (b) what is the value in rand of (i) each gold bar held and (ii) all gold bars held;

(3) whether the gold reserves held by the Bank of England are (a) physically inspected and (b) audited by the South African Reserve Bank; if not, in each specified case, why not; if so, in each specified case, what are the relevant details;

(4) whether any costs are incurred as a result of storing the gold bars in the Bank of England; if so, what is the (a) total cost and (b) breakdown of such costs? NW670E

**REPLY:**

(1) The South African Reserve Bank (SARB) regularly publishes on a monthly basis information on the official gold and foreign exchange reserves it holds. In line with international practices, the SARB holds a large percentage of South Africa’s gold reserves in vaults of official sector institutions at offshore bullion centres, including the Bank of England, while a smaller amount is held locally. It is operationally efficient to store gold at offshore bullion centres should the need arise to conduct gold transactions.

(2) (a) The latest “Information notice on the official gold and foreign exchange reserves of the SARB as at the 29 February 2016”, indicates that the value of the official gold reserves as at 29 February 2016 was US$4,96 billion, which is approximately 4 million fine ounces.

(b) The value in Rand terms, using US dollar/Rand exchange rate of ZAR15.17 (as at 9 March 2016) and the value of the official gold reserves as at 29 February, is approximately R75 billion.

(3) The SARB performs regular reconciliations on reports based on gold held at various local and international locations. Senior SARB officials conduct due diligence visits to inspect gold reserves held offshore on a regular basis. The last due diligence visit was conducted during 2015.The executive of the SARB is informed of the findings of the due diligence visit. As these report backs contain confidential information, they are not made publicly available.

(4) Storing gold at secure locations around the world usually attracts storage costs, however, these costs are miniscule in comparison to the value of the gold being stored. When transacting with gold trading counterparties, one would also incur transaction and transportation costs.