

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:

(a) 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.

Rating Agency	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total Fees
S&P	1,882,660	2,703,930	2,041,840	2,003,310	2,338,140	2,338,140	3,444,030	3,961,010	5,163,060	4,745,480	30,621,600
Moody's	1,325,381	1,319,923	1,285,647	1,146,544	1,878,910	4,079,040	4,803,508	3,182,914	9,429,492	205,718	28,657,076
Fitch	1,385,687	1,933,988	1,384,222	1,224,212	1,701,360	1,851,850	2,279,002	2,371,142	3,431,640	2,770,690	20,333,793
R&I	237,744	175,862	167,062	168,933	211,810	203,876	188,713	200,405	284,999	-	1,839,404
										Grand Total	81,451,873

TOTAL AMOUNT SPEND ON RATING AGENCIES - APRIL 2008 TO MAY 2017 (in R' million)

(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.