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| **Previous response** | |
| **Reviewer comment** | **Author response** |
| What are the policy implications for the government if this impacts its provincial departments? | We did not wish to indulge in the allocation of policy decisions – that is best left to government! However, we believe that, given our contribution to a workable system to evaluate and assign subnational credit ratings, government may well employ this technique in order to assess the creditworthiness of its underlying subnationals. This may serve as an early warning system for failing subnationals, for example. |

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| **Additional response** | |
| **Editor comment from reviewer** | **Author response** |
| Unfortunately, the reviewers are not completely satisfied with the corrections made. It is suggested that the authors need to elaborate in more detail on the policy implications of the study. | We have added a new section, called *Section 5: Subnational credit ratings and their policy implications in South Africa.*  This is a detailed summary on the possible policy implications of the article.  New references were added (see for example Ter-Minassian (2007) and Rodden (2006)).  Note that the last part of Section 2.2 was now worked into Section 5. |