

The credibility of Sagis's information

By Nico Hawkins, general manager, South African Grain Information Service NPC

A while ago an interesting statement was made on social media that Sagis uses file 13 to balance its books. This statement was not taken lightly and led to some serious introspection. The conclusion was that the main reason seems to be that some people are still uninformed regarding Sagis's role in the grain and oilseeds market. Therefore, it is appropriate to clarify perceptions by providing facts.

Perceptions versus facts

Perception: Government involvement.

Fact: It seems that many role-players in the industry are under the impression that Sagis has a connection with government, and is instructed to manipulate information from time to time that will affect commodity prices.

It does not receive any funds from government. The only "intervention" from government was the approval of statutory measures that were requested by various market participants to ensure that all relevant role-players register and supply information to Sagis.

Perception: Certain groupings in the marketplace deliberately supply wrong information to manipulate market prices.

Fact: To be successful, such an act will involve a huge and coordinated collusion including Sagis's audit inspectors. There is absolutely no gain for Sagis to become involved in such an action.

Perception: Sagis does the crop estimates.

Fact: Crop estimates are done by the Crop Estimates Committee (CEC), which is a Department of Agriculture, Forestry

and Fisheries (DAFF) committee. It is important to note that crop estimates and Sagis's figures can and will never be equal in a particular marketing season. This is because Sagis reports on actual deliveries received and not what is estimated to be produced in a production season.

Perception: Not all role-players in the commercial grain and oilseeds industries are registered with Sagis.

Fact: Commercial storage owners and processors of grain and oilseeds form the core of the system by which Sagis acquires and makes information available. All grain and oilseeds move through both or only one of the institutions at some point to eventually reach the consumer.

It is, therefore, very difficult for a commercial role-player to hide from Sagis over the long term. Informal movement, e.g. between a producer of grain and oilseeds and his neighbour's feedlot as well as on-farm use by a producer himself, is unfortunately not reflected in its figures.

Short overview on Sagis

The *Marketing of Agricultural Products Act, 1996* (Act 47 of 1996) put an end to single-channel marketing and control boards after deregulation. Role-players in the maize, winter cereal, oilseeds and sorghum industries, however, realised the need for reliable information for the proper functioning of a free market and collaborated to establish Sagis. These role-players, through the different trusts (Maize Trust, Winter Cereal Trust, Oil and Protein Seeds Development Trust and Sorghum Trust), also provide the funding of Sagis.

Sagis, a non-profit company, will commemorate its 20-year existence on 11 November 2017. The main goal, since its establishment, is the gathering, processing, analysing and timeous distribution of reliable agronomic information to all role-players.

Market participants (co-workers), e.g. traders, stores, processors, importers and exporters of grains and oilseeds, are statutory compelled under the above act to register with Sagis and to submit information. A co-worker who does not adhere to the requirements of the statutory measure is guilty of an offence and can be prosecuted. Fortunately, co-workers realise the importance of reliable information and cooperate by submitting returns timeously and regularly.

Reliable information hub

Since its humble beginning, Sagis has distinguished itself as a reliable information hub where a wide spectrum of information on nine grains and oilseeds is available and is used nationally and internationally.

How do role-players feel about the credibility of its information? The feedback from three recent surveys are shown in *Figure 1*.

It seems that mainly primary producers (according to a survey at the Grain South Africa congress) are in doubt about the accuracy and credibility of its information. Other role-players, as reflected in a survey held at a Grain Handling Organisation of Southern Africa (GOSA) conference as well as on Sagis's website, consider Sagis's information to be more reliable.

Although Sagis's own web survey cannot identify the role-players, the website is visited locally and internationally by the whole spectrum of stakeholders.

Correctness of Sagis's data published

Over the years, Sagis has developed methods and systems to validate data received to ensure its correctness and integrity.

Internally it has a sophisticated computer system that performs various

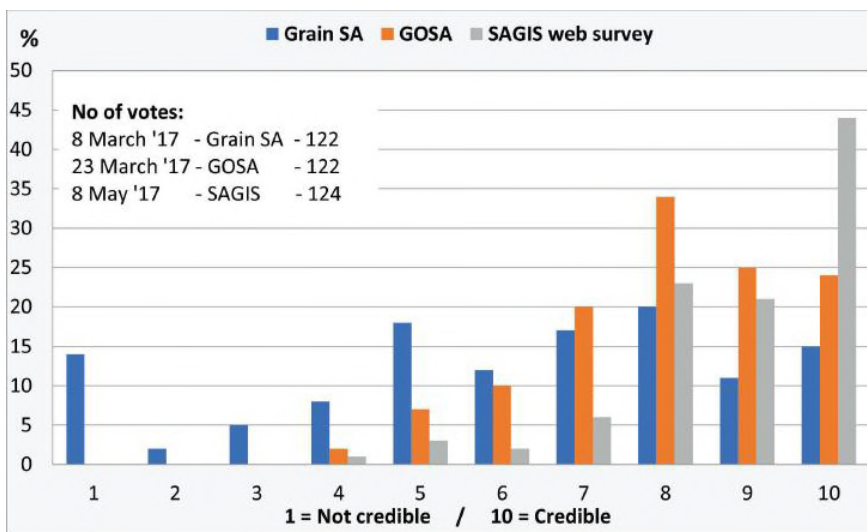


Figure 1: Feedback on the credibility of Sagis's information.

tests when processing a return on the system. It creates reports that help the staff to identify errors and deviations quickly for follow-up. Information from external sources, e.g. Sars, the Perishable Products Export Control Board (PPECB),

Portnet and Spoornet, is used to test Sagis's information.

By physically taking stock, Sagis's inspectors play an important role in measuring the reliability of the information independently, and also physically on

the premises. Source documents are audited on a sample basis and figures are consequently followed through to determine the reasonable accuracy and completeness of the return.

Although inspectors regularly find adjustments to the returns provided are needed, it has virtually no effect on its already published information.

Sagis's future existence depends on the integrity of the data and information we publish. It is important that the data is regarded as trustworthy and relevant to be used for decision-making by all role-players in the grain and oilseeds markets. Therefore, there is no benefit for Sagis in manipulating information. However, it can only consistently verify the information provided by the role-players (co-workers) through various internal and external controls to ensure its correctness before it is disclosed.

For more information, contact Nico Hawkins at nicoh@sagis.org.za.

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