

# Annual Report

2015/16

**Maize**    Wheaten Products  
Canola    **Oilseeds**  
Sunflower    Oats    Maize Products  
**Sorghum**    Barley  
Soybeans    Groundnuts    **Wheat**



**SAGiS**





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## REPORT BY THE CHAIRPERSON

On behalf of the Board of Directors of SAGIS, it gives me great pleasure to present the Annual Report for the 2015/16 financial year. The Board is satisfied with the accuracy of the information contained in this annual report, and accepted the unqualified audited financial statements of the company for the financial year 1 March 2015 to 29 February 2016.

The Board and Management are committed to run SAGIS as cost effectively as possible, especially in the current economic climate.

SAGIS' strategic focus area remains to provide reliable and accurate aggregated whole grain and oilseed information to industry and government. This is actual information on the movement of all grain and oilseeds in commercial structures.

Development is constantly taking place to provide more user friendly, factual information on a wide range of information classes/categories. This information is also used internationally.

The establishment of the Statutory Measures in respect of the registration of Manufacturers, Importers and Exporters of Maize and Wheaten products in November 2014, has brought challenges to SAGIS. A new IT system was developed and successfully implemented to record information received from new and existing co-workers.

Although the new addition to SAGIS' product information platform brought some challenges, tasks such as the registration and de-registration of co-workers are on-going processes in both the whole grain and oilseeds, markets and in the maize and wheaten products industries.

One of SAGIS' core strengths is the capability and experience of the team. This emanates from a culture of empowering and developing our people to succeed at every level, and encouraging accountability, innovation and excellence.

We extend our appreciation to all who have contributed to the performance of SAGIS over the past year, the co-workers for their continued confidence and co-operation, the Directors, General Manager, his management team and all employees of SAGIS for their dedication.

Dr John Purchase

**Chairperson: SAGIS Board of Directors**



## COMPANY HISTORY AND HIGHLIGHTS

'96

Marketing of Agricultural Products Act, 1996 brought an end to single channel marketing and the Control Boards

'97

- SAGIS was incorporated in November 1997 after deregulation of agriculture in RSA.
- Role-players realised the importance of reliable information for the functioning of a free market and have co-operated to establish SAGIS.

'03

- Weekly whole grain import and export data for maize and wheat are published. (Funded by The Maize- and Winter Cereal Trusts)
- The Monthly Data and Weekly Bulletin were published since the establishment of SAGIS.

'05

- Since August 2005, weekly producer deliveries for maize (per grade since Aug 2006) and wheat are published. (Funded by The Maize- and Winter Cereal Trusts)
- Since October 2005, import and export tariff lines of the South African Revenue Service are published on SAGIS' website.
- On 1 August 2005 the inauguration of the new offices at Montanapark took place.

'08

Historic import and export parity prices dated from 2001 for maize and wheat are published

'12

SAGIS commemorated its 15<sup>th</sup> birthday

'13

SAGIS implemented its upgraded IT system - Phase I.

'14

- Completion of the weekly information system and additional reports for the monthly return system.
- Establishment of Statutory Measures (14 November 2014) - Registration in respect of Manufacturers, Importers and Exporters of Maize and Wheat products.

'15

- Implementation of the new Statutory Measures - Registration in respect of Manufacturers, Importers and Exporters of Maize and Wheat products.
- SAGIS relocated to the Grain Building end July.

# SAGIS' STRUCTURE

## 1. SAGIS' STRUCTURE

### 1.1 Forums

Market participants of each of the four industries established forums where role-players meet for matters of mutual interest, inter alia market information. With regards to information, the forums make recommendations to:

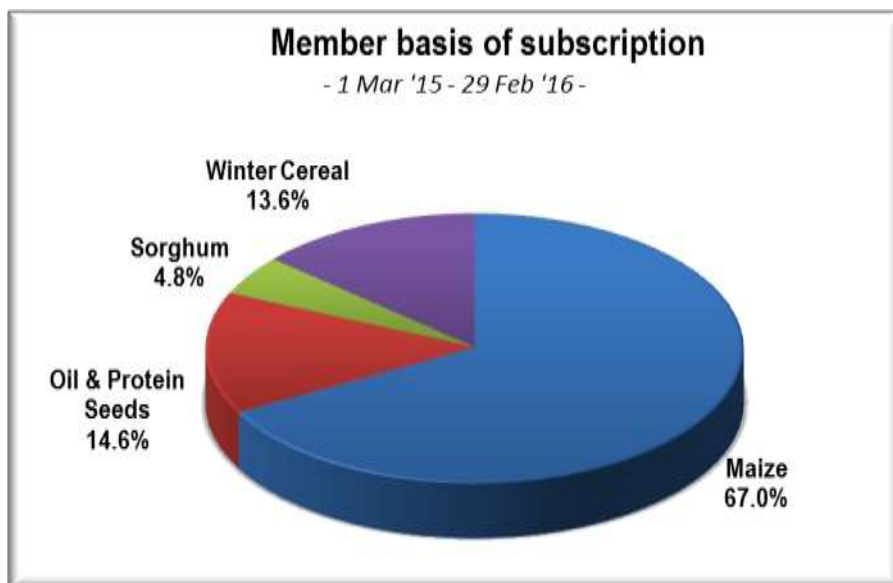
- The NAMC for the information needs of the industry and the institution (SAGIS) to provide the service.
- The Trust of each industry concerning the funding of the institution and additional services.

### 1.2 Trusts

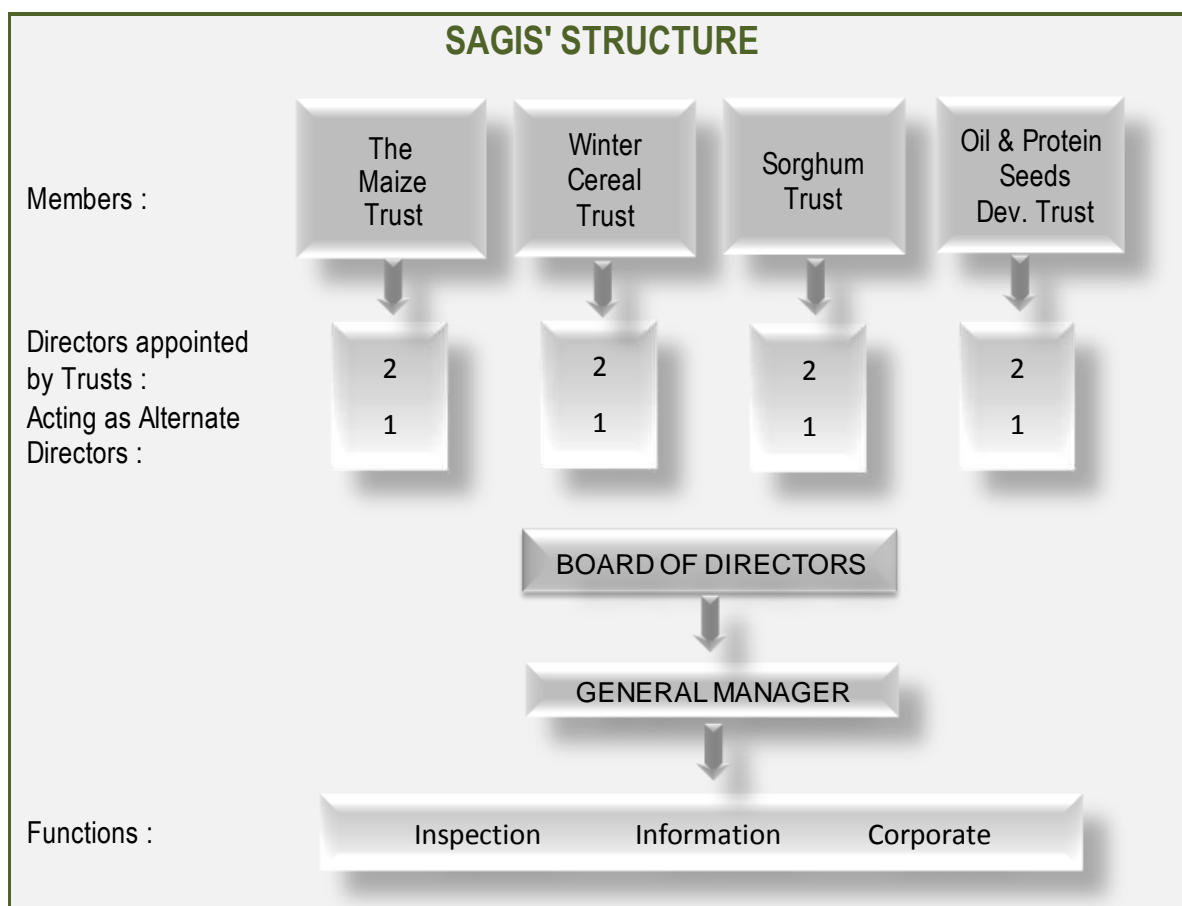
The Trusts of the four industries are registered as Members of SAGIS and each Trust annually appoints two Directors as well as one Alternate Director.

The future existence of SAGIS totally depends on the existence and funding by the Trusts.

During the 2015/16 financial year, SAGIS was funded by the four Members according to the approved basis by the Annual General Meeting:



### 1.3 SAGIS' Management Structure







**Chairperson**

Dr JL Purchase  
*The Maize Trust*



**Vice-Chairperson**

Mr AAA Nebe  
*Sorghum Trust*



**Director**  
Mr JH Gordon  
*Sorghum Trust*



**Director**  
Ms N Mahlathi  
*The Maize Trust*



**Director**  
Mr BB Make  
*Winter Cereal Trust*



**Director**  
Mr JJ Minnaar  
*Oil & Protein Seeds  
Development Trust*



**Director**  
Ms M Purnell  
*Winter Cereal Trust*



**Director**  
Mr GJH Scholtmeijer  
*Oil & Protein Seeds  
Development Trust*

## Alternate Directors



**Alternate Director**  
Mr JDW Boshoff  
*Oil & Protein Seeds  
Development Trust*



**Alternate Director**  
Mr JF de Villiers  
*The Maize Trust*



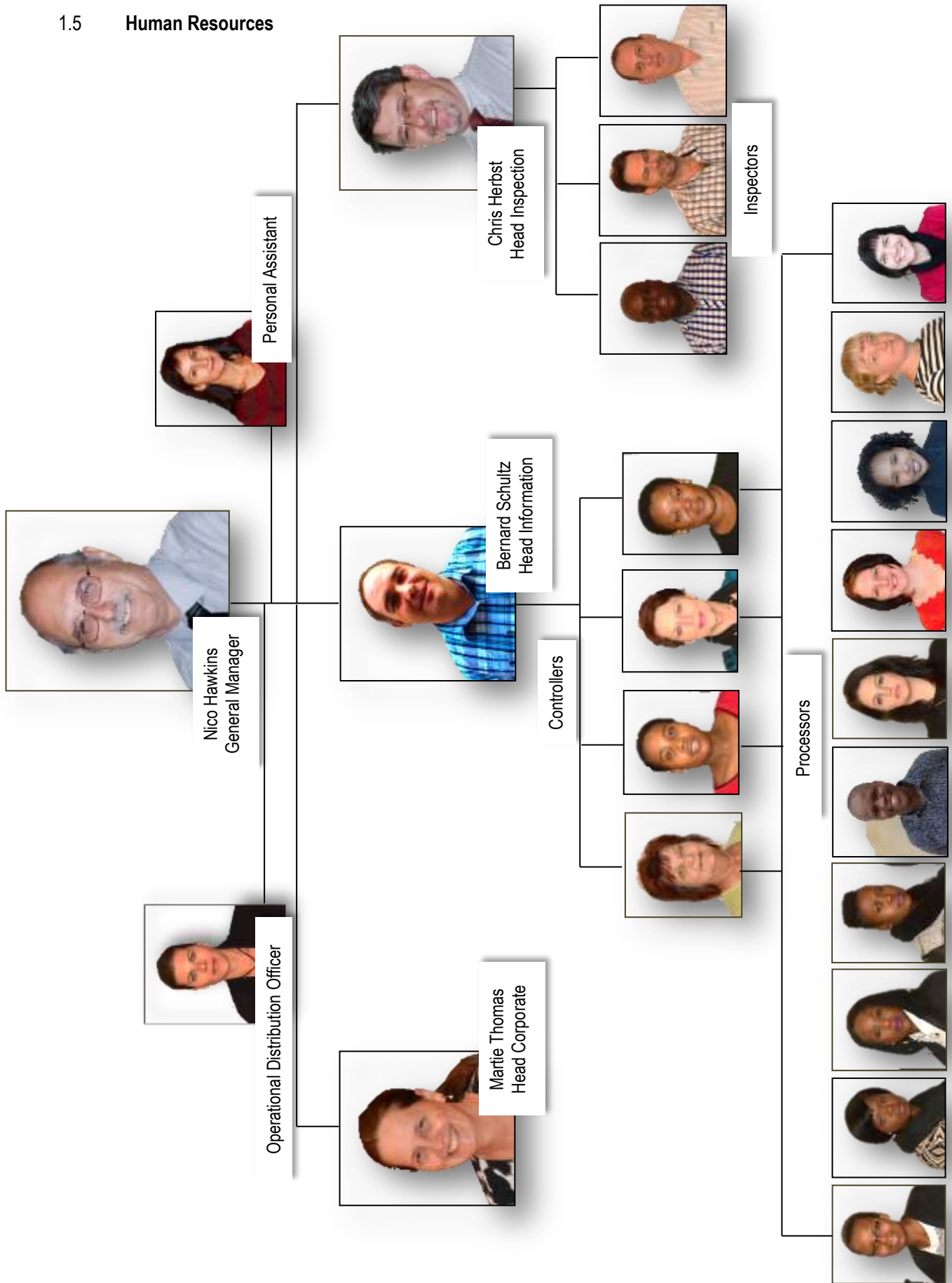
**Alternate Director**  
Mr GR Penny  
*Winter Cereal Trust*



**Alternate Director**  
Mr JJ van der Westhuizen  
*Sorghum Trust*



1.5 Human Resources



## CORE VALUES

### 2. SAGIS' Vision, Values, Main objectives and Information

#### Vision

SAGIS strives to be recognised nationally and internationally as the most reliable provider of market information related to grain and oilseeds in Southern Africa.



#### Values



- ✓ Reliability
- ✓ Integrity
- ✓ Independence
- ✓ Confidence
- ✓ Professionalism
- ✓ Ability
- ✓ Stability
- ✓ Effectiveness
- ✓ Promptness

#### Main Objectives

The collation, processing, analysing and timeous distribution to all role-players, of reliable and useful market information related to grain and oilseeds.



## SAGIS' information objective:

To release reliable information by:

- Not being involved in trading of grain and oilseeds.
- Staying independent from any party submitting information to SAGIS. This includes any Director of SAGIS, Forum, industry association or decision-making body.
- Collecting information from all parties that are statutory compelled to register with SAGIS.
- Processing and evaluating information received for correctness and relevancy in order to ensure the reliability and trustworthiness of the information.
- Comparing the results, as far as possible with external sources, to evaluate the correctness and relevancy of the information.
- Treating individual's information confidentially and to release information as agreed upon by the industry role-players.
- Releasing information to all role-players and on SAGIS' website at 12:00 on pre-determined and approved publication dates. By doing so not give preferential treatment to anybody and to limit possible reaction on markets.
- Not allowing staff to discuss information, except the information on a specific return, with the parties directly involved in the transaction related to the movement declared on the return.
- Not making projections.
- Constantly finding ways to improve the quality of SAGIS' information, processes, systems and procedures.

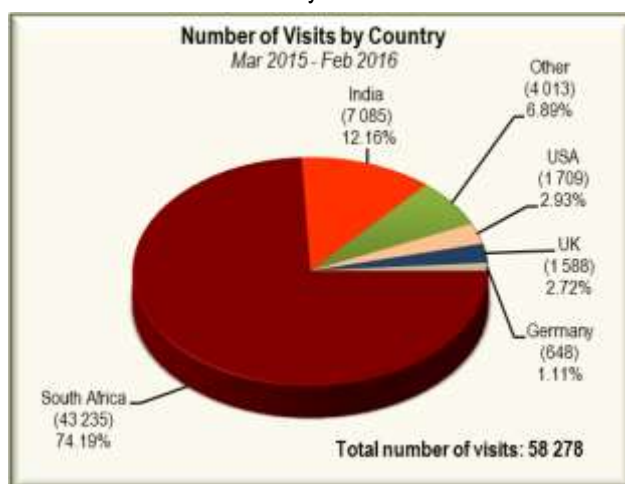




## OPERATIONAL ACTIVITIES

### 3. Users of SAGIS' information (RSA and non-RSA)

SAGIS has regular interaction with national and international organisations. During the 2015/16 financial year, SAGIS' website has been visited by users from various countries.



### 4. Additional to the standard monthly information function

- Information released to role-players and published on SAGIS' website:
  - Monthly data: Whole grain and oilseeds.
  - Monthly data: Maize and wheaten products manufactured, imports and exports.
  - Weekly data: Imports and exports (maize and wheat).
  - Weekly data: Producer deliveries (maize and wheat).
  - Weekly Bulletin – A collection of local and international information such as prices, stock, import parity prices.
  - Economic indicators.
  - Import and export information (various tariff lines) of the South African Revenue Service.
  - Statistics SA' food prices for various product lines.
  - Historic information (SAGIS and non-SAGIS).
- Relevant information is presented and discussed at the meetings of the five industry forums during the year.
- Articles written for publication in a well-known Agriculture magazine are done every second month.
- Issuing of audit certificates for Minimum Market Access.
- Provide information to the International Grains Council.

## 5. Operational feedback

### 5.1 General Information

#### 5.1.1 Co-workers

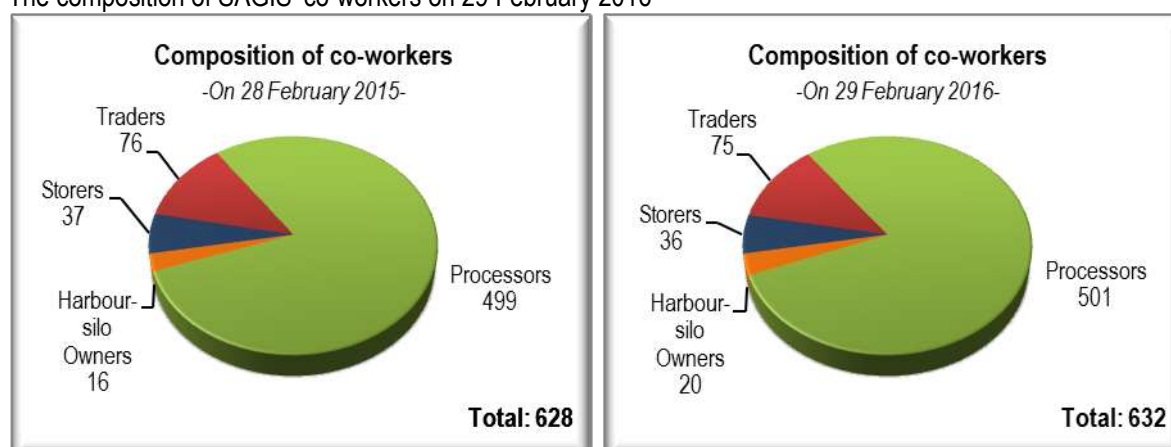
##### 5.1.1.1 Co-workers registered and potential returns

The number of co-workers registered / cancelled and potential returns during the reporting period are:

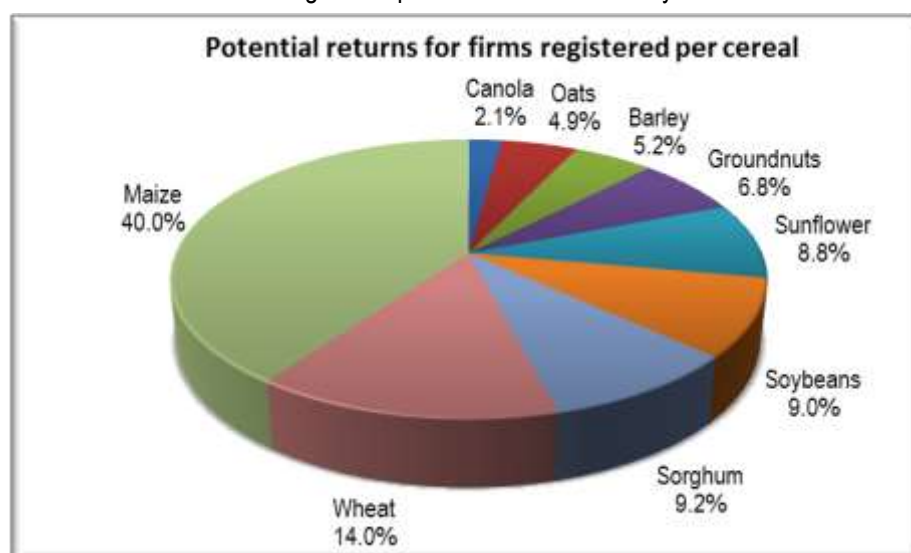
	Co-Workers: Including Voluntary Traders		Total number of Potential returns Per month	
	2014/15 Financial year On 28 Feb '15	2015/16 Financial year on 29 Feb '15	2014/15 Financial year	2015/16 Financial year
Total registrations and potential returns on 1 March	653	628	1 270	1 226
Plus: New registrations	39	45		
Less: Cancellations	64	41		
Total registrations and potential returns on end of February	<b>628</b>	<b>632</b>	<b>1 226</b>	<b>1 214</b>

##### 5.1.1.2 Composition of co-workers

The composition of SAGIS' co-workers on 29 February 2016



Potential returns for firms registered per cereal on 29 February 2016





#### 5.1.1.3 Co-operation of co-workers

According to SAGIS' Statutory Measures, co-workers are compelled to submit their returns before or on the 10<sup>th</sup> of each month.

For the reporting period 99.6% (2015: 99.3%) of the total potential returns were received, of which 71.5% (2015: 72%) were received by the 10<sup>th</sup>. Co-workers are requested on a regular basis to develop permanent measures in order to submit correct returns on time every month. The efficiency of follow-up procedures is reviewed continuously.

Although a number of co-workers were handed over to SAGIS' legal representative, it was not once necessary in the 18 years of SAGIS' existence, to take any co-worker to court for not supplying information as prescribed by the Statutory Measures.

The success of the weekly producer deliveries without a Statutory Measure proves the willingness and positive co-operation of co-workers to supply data.

#### 5.1.1.4 Statutory Measures

##### 5.1.1.4.1 Continuation of Statutory Measures

In order for SAGIS to continue with its existing function, the National Agricultural Marketing Council was requested to extend the following Statutory Measures:

- *Records and returns in respect of maize and wheat imports and exports*
- *Records and returns in respect of maize, oilseeds, sorghum and winter cereal*

These Statutory Measures were approved and published in Government Gazette No 39627 on 29 January 2016. The extension period is from 30 April 2016 until 30 April 2020.

##### 5.1.1.4.2 Maize and wheaten products

On 14 November 2014 Statutory Measures were announced for:

- *Registration in respect of Manufacturers, Importers and Exporters of Maize and Wheaten products.*
- *Records and returns in respect of maize products and wheaten products.*

On 4 September 2015, the first maize and wheaten products information were published.

The registration of co-workers is an on-going process due to new market entrants, as well as those who leave the industry.

Since July 2015 until end February 2016 a total of 3 200 226 ton Maize Products (*white maize: 2 887 447 ton, yellow maize: 312 779 ton*) and 2 081 721 ton Wheaten Products have been reported.

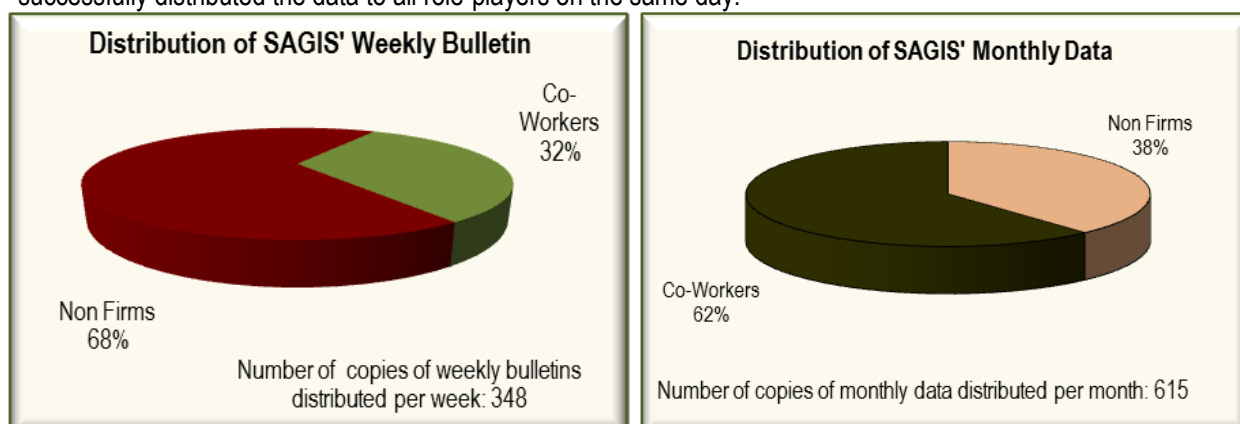
Since July 2015 until end February 2016 the following amount of bread were baked:

	Total units
White Bread	666 848 353
Brown Bread	641 492 684
Whole Wheat Bread	21 188 757
Other	1 155 377
<b>Total</b>	<b>1 330 685 171</b>



### 5.1.2 Publishing of Monthly Data and Weekly Bulletin

The Monthly Data and Weekly Bulletin were released on the predetermined dates and SAGIS successfully distributed the data to all role-players on the same day.



### 5.1.3 SAGIS' website ([www.sagis.org.za](http://www.sagis.org.za))

SAGIS' website consists of two sections namely:

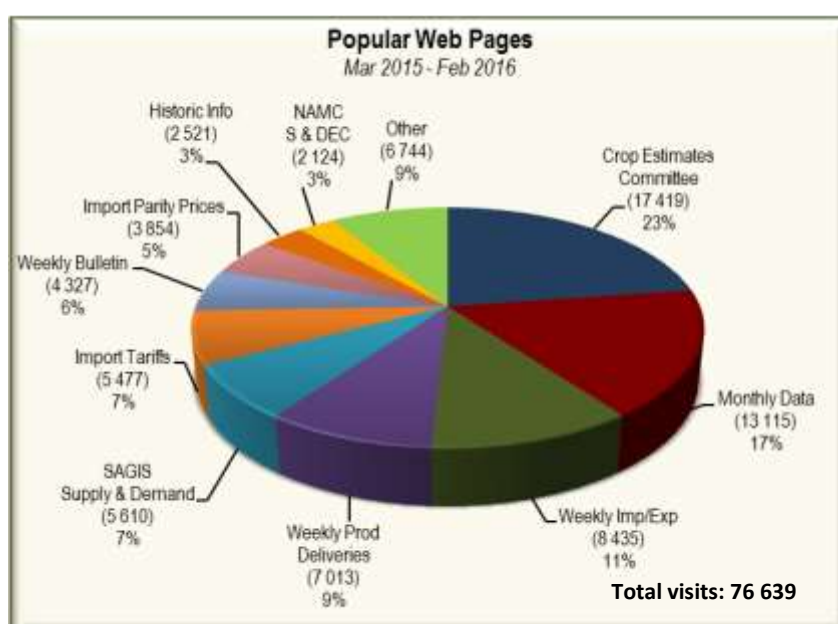
#### **SAGIS' Information:** e.g.

- Monthly data (Whole grain & oilseeds and products)
- Weekly bulletin
- Weekly producer deliveries
- Weekly Import and export data
- Historic Supply & Demand per marketing year

#### **Non-SAGIS information:** e.g.

- CEC: Estimates of Crop Estimates Committee
- SARS: Import and export information
- Stats SA: Food prices
- Commercial Banks: Economic indicators
- S&DEC: SA Supply & Demand Estimates Report
- Historic price information

According to Google Analytics, the visits to the most popular data on SAGIS' website for the reporting period can be seen as set out below:



#### **Other – (9%)**

Monthly Imports & Exports  
List of co-workers  
Historic Prices  
Contact Details  
SARS  
Stats SA Food Prices  
Presentations  
Grading  
BFAP Outlook  
Conversion Table  
Product Info  
Manual  
GMO  
Applications  
Legislation

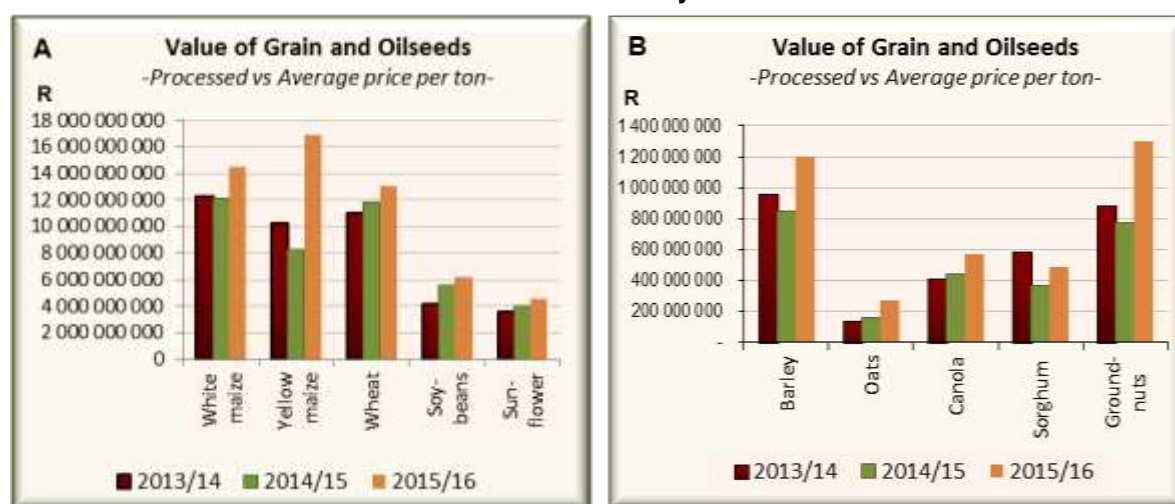
#### 5.1.4 Cost of the information function

The cost of SAGIS' information services, although this is only an indication, is calculated as follows:

If the total tonnage grain and oilseeds delivered for the period 1 March 2015 – 29 February 2016 (local producer deliveries plus imports), namely 16 359 410 tons is compared to SAGIS' total annual expenditure for the same period (R11 056 543) the information service cost R0.68 per ton (2015: R0.66 per ton) of whole grain/-oilseeds delivered.

The following graphs show the value of grain and oilseeds based on SAGIS' processed numbers, times average SAFEX prices.

1 March 2015 – 29 February 2016



Total value: 2014/15 – R44.0 milliard / Total value: 2015/16 - R59.1 milliard

Graph A & B: Total tonnage grain and oilseeds locally processed, multiplied by an average delivered price per commodity.

#### 5.1.5 Released information: Feedback from Forums

SAGIS' information is discussed during the meetings of the industry and other forums. Forums are continuously requested to give feedback and suggestions for improvements on information needed. Feedback from forums indicated that they are satisfied with the information.

#### 5.2 Inspection

During the reporting period Inspection functions such as stocktaking, audits, new registrations and cancellations were done at 867 (2014/15: 882) premises across the country. The decrease in the number of premises visited is mainly due to the fact that not all co-workers are visited annually.

Travel plans for inspectors were planned as cost effective as possible. The average cost per premise visited was R564 (2014/15: R546).

##### Stocktaking

During the 12 month period, stock of grain and oilseeds in commercial structures at month end varies between 4.7 and 9.8 million tons. A total of 4 407 412 tons of grain and oilseeds were physically verified at 492 co-workers with 701 storage points.



*Distribution of Inspection sites across the country*

### 5.3 Finances: 2015/16 financial year

#### 5.3.1 External Audit

SAGIS received an unqualified audit report for the 2015/16 financial year. “The Ashton CA (SA) Group” is appointed as auditors since March 2006.

#### 5.3.2 Subscription (Contribution from Trusts)

A net amount of R11 712 370 was approved by the Members for utilisation during the 2015/16 financial year and the final expenditure amounts to R11 056 543. The difference of R655 827 was mainly due to an under expenditure on communication cost, travelling, and more income for product information.

## 6. **Appreciation**

SAGIS appreciates the support and co-operation of all the role-players.

We wish to express our gratitude especially towards the four Members, namely, The Maize Trust, Oil and Protein Seeds Development Trust, Sorghum Trust and Winter Cereal Trust for their continued support, financially and otherwise.

In appreciation for serving on the Board of Directors, Management wish to express their gratitude to the following Directors who served on the Board for:

### **15 Years:**

Mr Gerhard Scholtemeijer – Oil and Protein Seeds Development Trust  
Mr Anton Nebe – Sorghum Trust

**1997 - 2016**

The logo for SAGIS, featuring the word "SAGIS" in a bold, sans-serif font. The letter "i" is stylized with a green dot above it.

*SAGIS strives to continuously render a service of excellence*