
PPS PROFESSIONAL CONFIDENCE INDEX REPORT – Q4 2014

BACKGROUND

PPS has in excess of 200 000 members, all of whom are graduate professionals who are completing or holding a qualifying 4 year degree. PPS launched the Professional Confidence Index (PCI) in the first quarter of 2011, as a means of engaging with its members on the key issues that most concern them and to gauge their changing confidence levels on these issues on an ongoing basis.

Following research into what data was freely available, there was a clear lack of quantitative information on professionals and the issues that concern them. The PCI has enabled PPS to gather hard research on pertinent issues affecting South Africa's graduate professionals and provide insight and commentary on the findings. This also allows PPS to set appropriate agendas for engagement via PPS Member Forums, which have been held on a range of issues, from the Legal Practice Bill to National Health Insurance.

The views of graduate professionals are measured on a quarterly basis on a range of key socio-economic factors such as whether there is expected to be an improvement in crime, unemployment and healthcare, as well as personal views on as the likelihood of emigration and the sustainability of their profession.

In addition to the general PCI survey that has been issued to all the members of PPS, PPS also surveyed members in six professions, to get their views on profession-specific issues. The specific professions surveyed in the PCI include, but are not limited to:

- Attorneys
- Chartered Accountants
- Dentists
- Doctors
- Engineers
- Pharmacists

RATIONALE

PPS undertook the survey to gain insight into the graduate professional segment in South Africa to ascertain their views on a number of issues.

South Africa continues to suffer from an acute skills shortage, particularly amongst skilled professions and through PPS's niche target base of graduate professionals, the company is able to tap into and record the thoughts of this group.

PPS believes understanding the mindset of graduate professionals on key topics is crucial, as it is these individuals who in many ways are the driving force behind the development of the economy.

METHODOLOGY

The confidence levels of graduate professionals are assessed on a scaled basis of 1 - 5 (1 being Not Confident at all and 5 being Very Confident). The result is expressed on a percentage point basis with the change measured on a quarter-on-quarter and year-on-year basis.

The confidence level is determined through the following formula:

- The total number of respondents choosing option 5 are multiplied by 5
- The total number of respondents choosing option 4 are multiplied by 4
- The total number of respondents choosing option 3 are multiplied by 3
- The total number of respondents choosing option 2 are multiplied by 2
- The total number of respondents choosing option 1 are multiplied by 1

These figures are added together and the total is divided by the total number of respondents. This number is then divided by 5 to attain the confidence level and multiplied by 100 to get the overall confidence level on a percentage point basis.

MEDIA RELEASE

PROFESSIONALS' CONFIDENCE THAT BUDGET SPEECH WILL ADDRESS SA'S ECONOMIC NEEDS IS LOW - SURVEY

24 February 2015: South Africa's graduate professionals recorded a confidence level of just 42% when asked how confident they were that the upcoming budget announcement will address the country's economic growth needs. This is according to the latest results from the fourth quarter 2014 PPS Professional Confidence Index (PCI) which surveyed over 4 300 graduate professionals.

Finance Minister Nhlanhla Nene is set to deliver his budget speech to parliament on 25 February 2015, with many expecting an increase in taxes to assist with the extra R12 billion required to fund this year's budget.

Macy Seperepere, Manager: Professional Associations at PPS, says it is not surprising that professionals do not feel confident that the budget speech will address the economic problems facing the country. "It is likely that many graduate professionals fear that the Government will look to increase taxes, particularly amongst higher earning South Africans, as a solution to finding the necessary funds to sustain the economy."

She highlights that of the 3.3 million taxpayers, 1.5 million people contribute 84% of personal income tax collected by the South African Revenue Service, which means essentially very few people are supporting a huge economy.

The PCI also recorded a confidence level of just 49% when respondents were asked how confident they are about the economic outlook for South Africa over the next 12 months. This result dropped two percentage points quarter-on-quarter, but more significantly, 15 percentage points since the first confidence level of 64% was recorded for this question in the second quarter of 2011.

It is interesting to note that even though the inflation rate has been brought down to 4.4% in January 2015 from 5.3% in December 2014, people are still not confident in the economy, says Seperepere. "While there could be a number of reasons why the country's graduate professionals have low confidence in the economy, load shedding is the most notable at the moment. The implementation of load shedding has left many people uncertain about the country's future electricity supply."

Eskom has warned that there will be a 'high probability' of load shedding for 62 days during February, March and April. Based on Nersa's findings which found that the 2007-2008 energy crisis cost the SA economy R50-billion, equating to R2.17-billion per day, it has been estimated that these 62 days of load shedding could cost the economy over R134-billion.

“It is vital that the economic issues facing the country are addressed in order to regain the confidence in the local economy among South Africa’s graduate professionals so that the country remains a viable option for their future,” concludes Seperepere.

Other results from the survey

- Confidence that crime rates would improve in SA over the next five years dropped one percentage point quarter-on-quarter to 37%;
- Confidence that unemployment in SA will improve over the next five years increased by one percentage point quarter-on-quarter to 37%;
- Confidence in the future of the healthcare system increased one percentage point quarter-on-quarter to 45%;

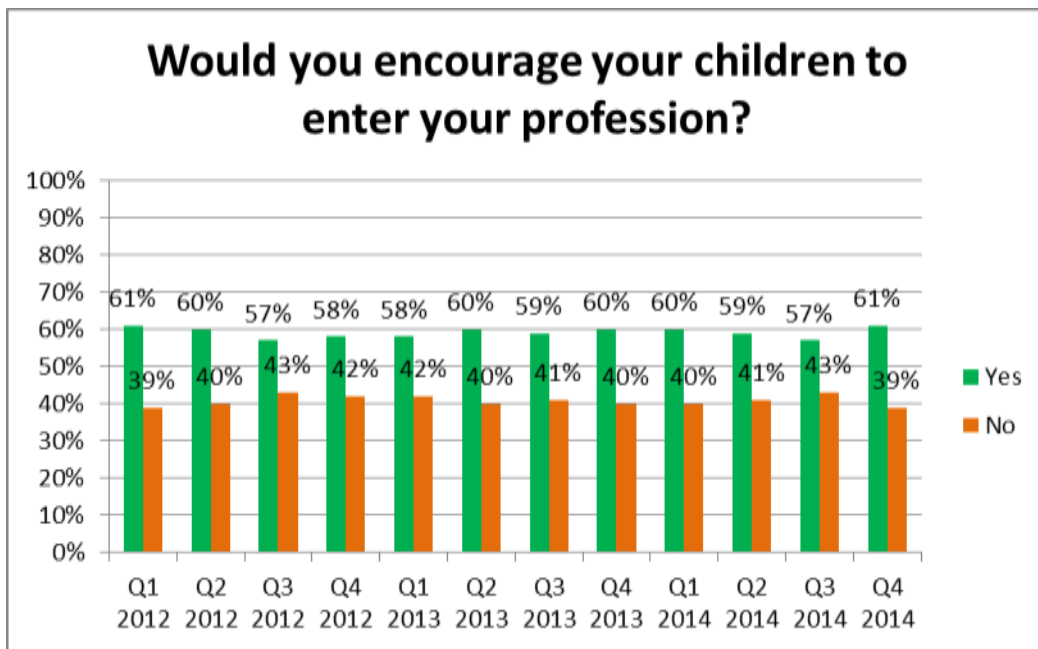
-Ends-

RESULTS

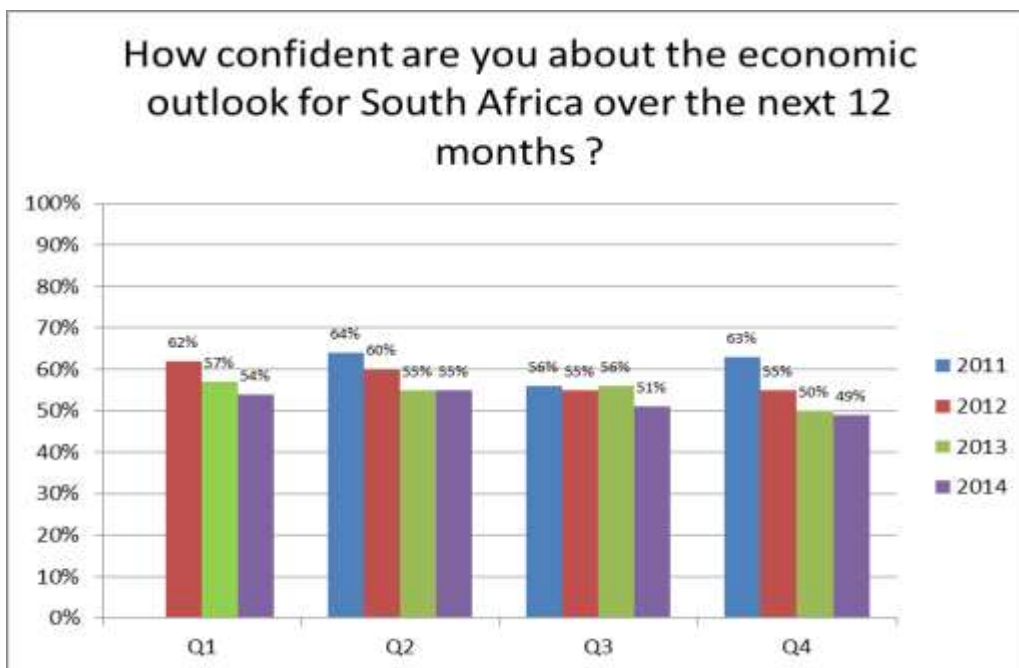
Please note that new questions were added to the questionnaire for this quarter, as a result some of the questions may not have results for previous quarters.

Profession specific:

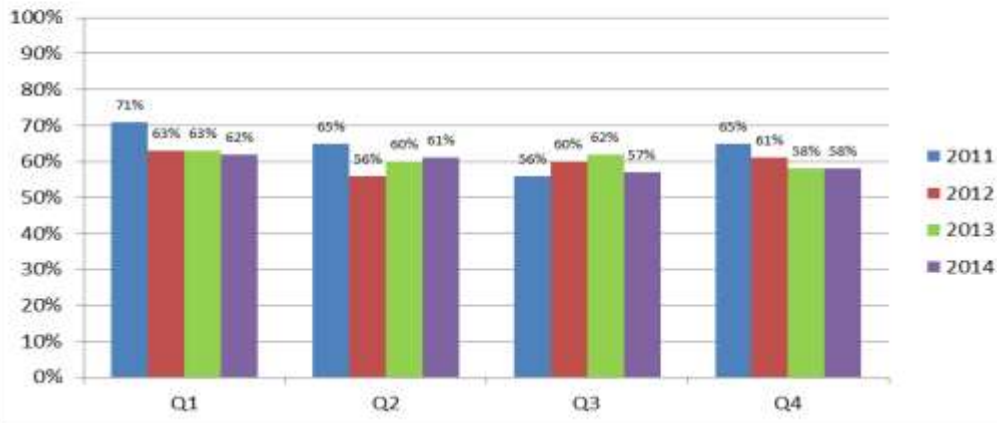




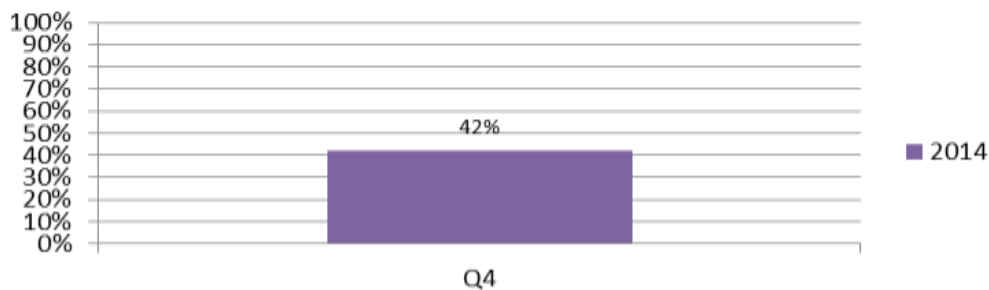
Economic:



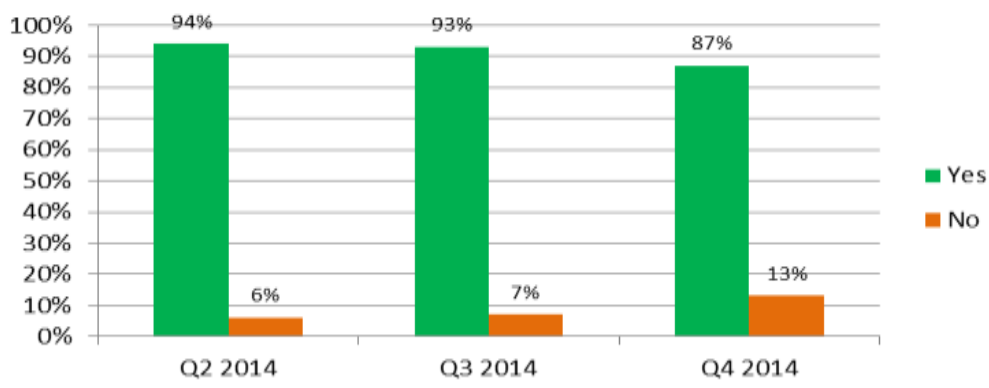
How confident are you in the outlook for the local equity/share markets over the next 12 months ?

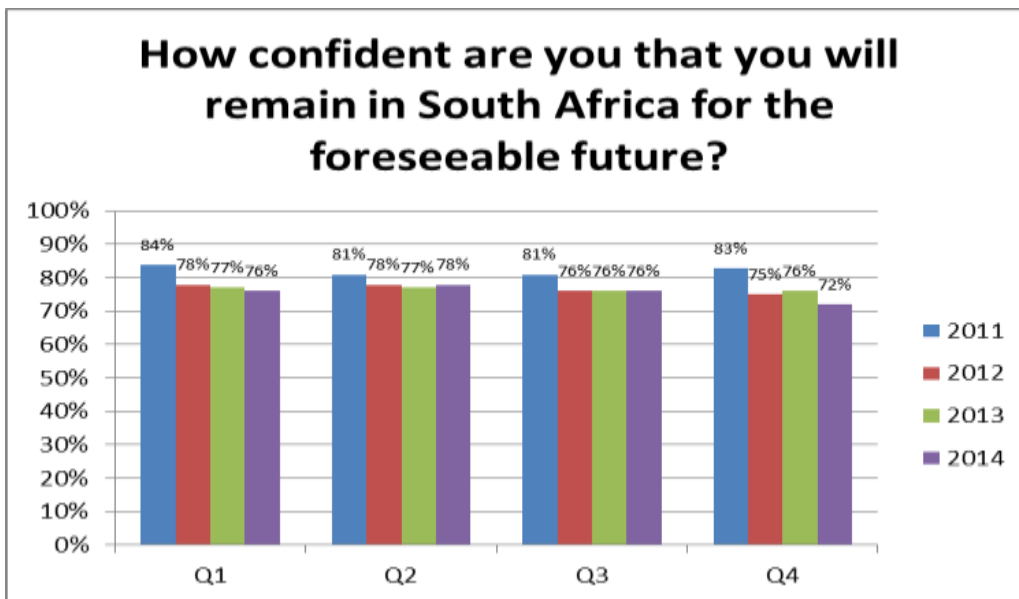


How confident are you that the upcoming budget announcement will address RSA's economic growth needs?

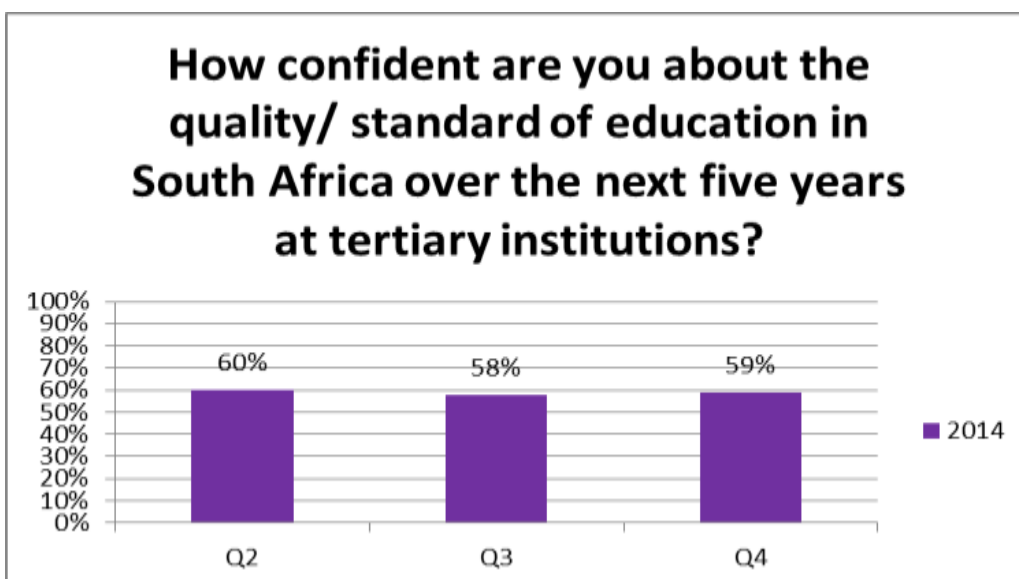
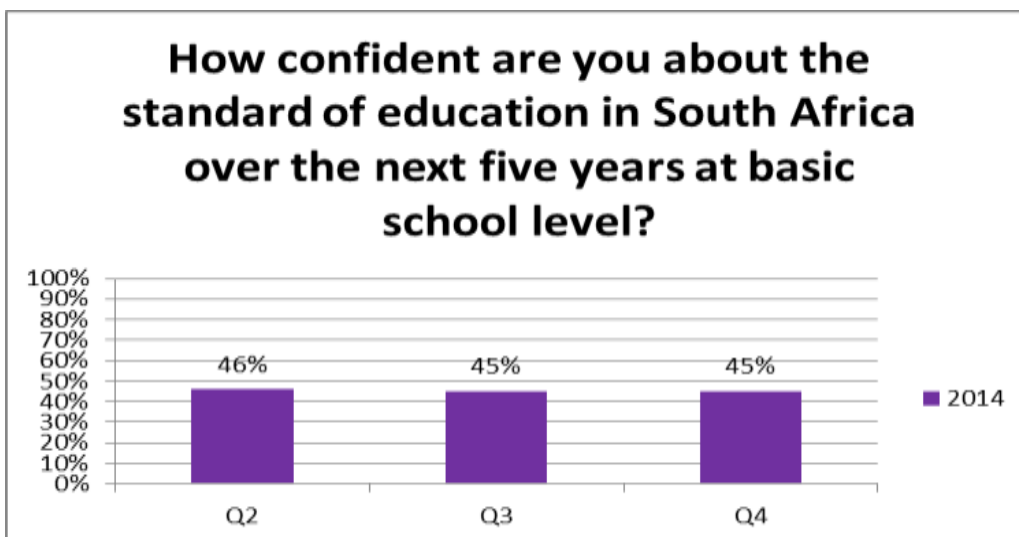


Have you started saving for retirement?

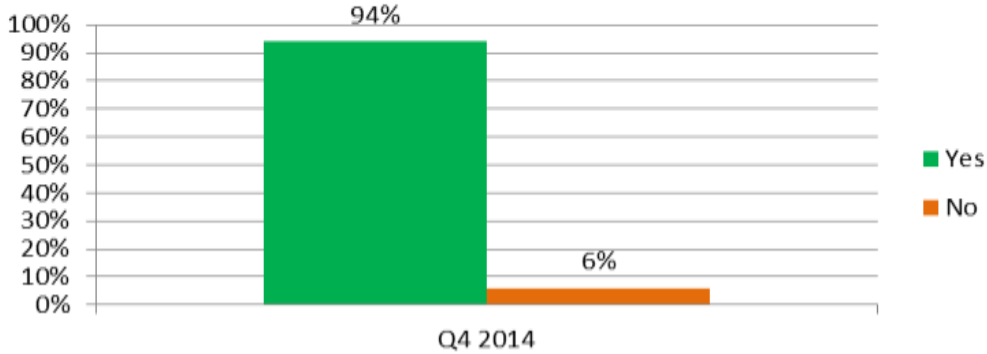




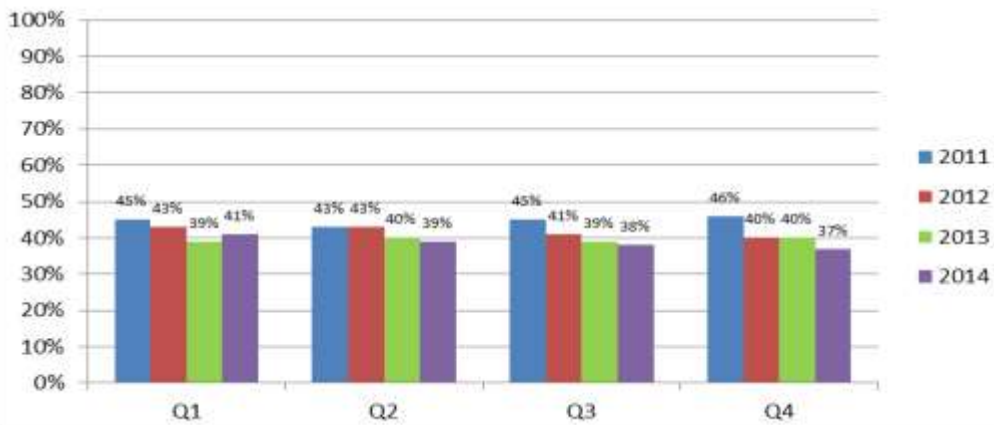
Socio-economic:



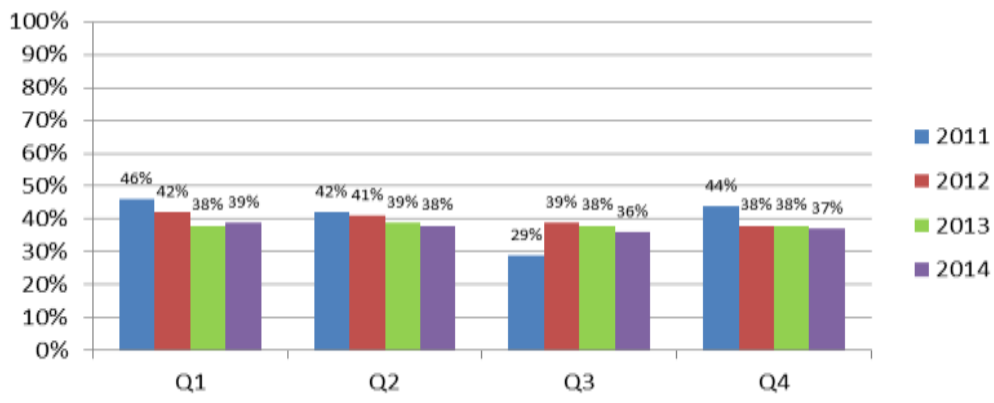
Are you concerned about the standard of mathematics/ science in SA?

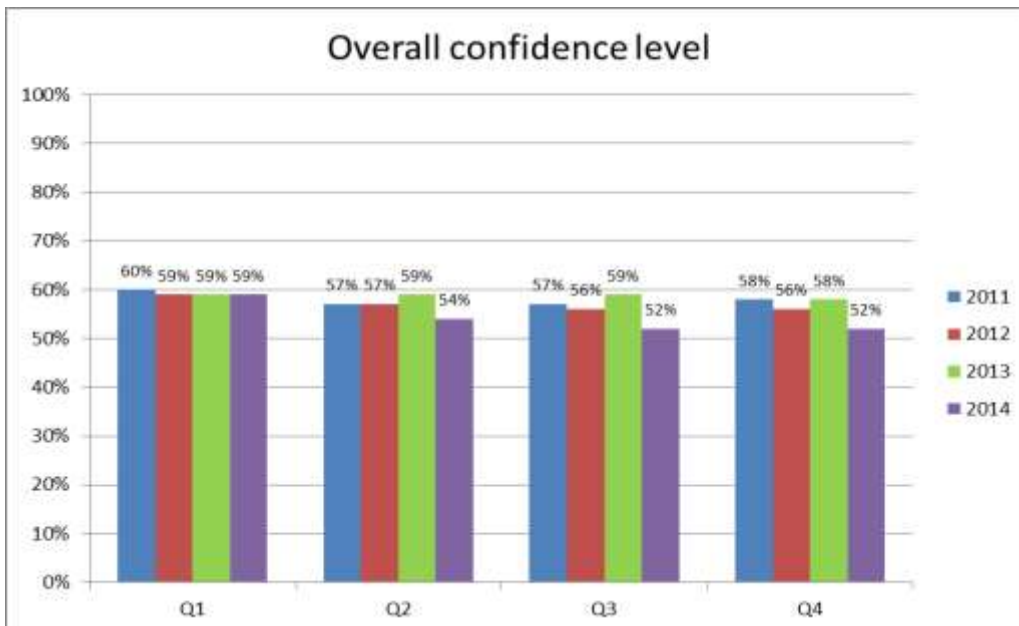
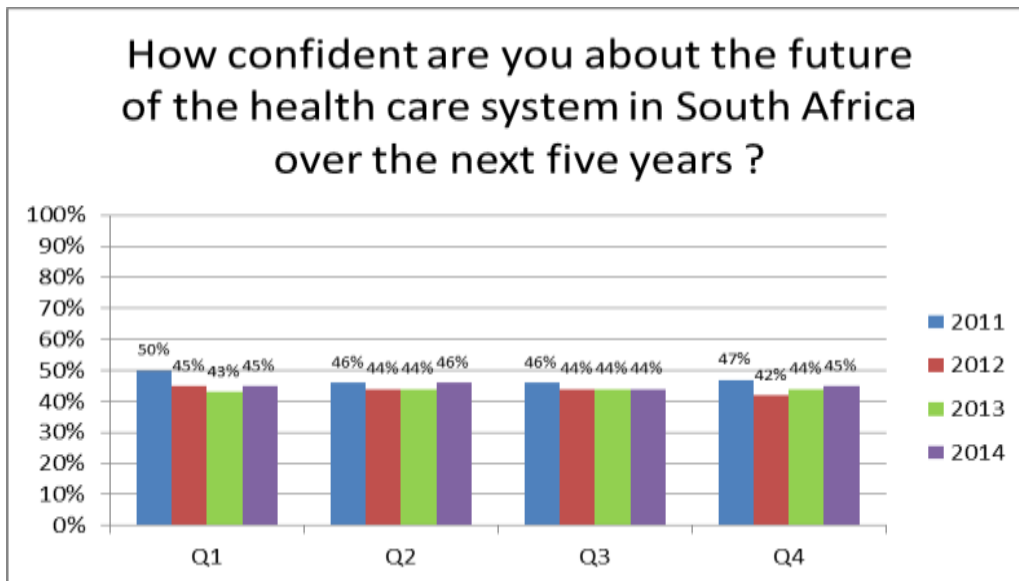


How confident are you that crime rates in South Africa will improve over the next five years ?



How confident are you that unemployment in South Africa will improve over the next five years ?





Additional information:

PPS boasts in excess of 200,000 members who enjoy access to a comprehensive suite of financial and healthcare products that are specifically tailored to meet the needs of graduate professionals.

PPS is the largest South African company of its kind that still embraces an ethos of mutuality, which means that it exists solely for the benefit of its members. Thus, PPS members with qualifying products share in the profits of PPS Insurance via annual allocations to the unique PPS Profit-Share Account and those who also have PPS Investments products as well as qualifying PPS Provider products can also share in the profits of PPS Investments.

PPS membership provides access to the following tried, tested and trusted products and services: PPS Insurance, PPS Short-Term Insurance, PPS Beneficiaries Trust, PPS Investments and Profmed Medical Scheme. Visit www.pps.co.za for more information.

PPS is an authorised financial services provider.