

Henry Sole Trader Pulse

Australia

June 2024



How the Hnry Sole Trader Pulse was conducted

Hnry commissioned Resolve Strategic to conduct polling to measure and regularly track the sentiment, views and experiences of sole traders in Australia and New Zealand. This report contains the results of the latest track in Australia, with methodology and topics as follows:

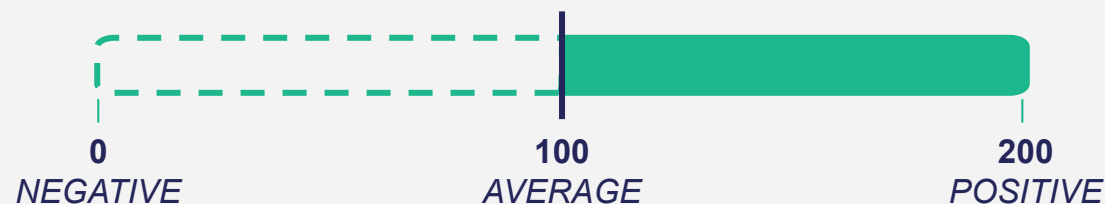
This Pulse was was conducted between 13th - 19th June 2024.

- The survey polled 506 sole traders across Australia, with a maximum error margin of +/-4.4%.
- The poll was conducted online via reputable business and general population panels, with respondents screened to ensure they are sole traders (including contractors, consultants, freelancers, gig economy workers, tradies, etc.).
- A representative sample by age, sex, area and tenure when compared to known population parameters using minimum quotas and/or weighting where required.
- In this track the poll also asked a series of ad hoc questions about EOFY, lifestyles and retirement, savings and investments (inc. super), payments and invoicing, inflation, AI and the recent national budget.

How the Hnry Sole Trader Pulse works

The questionnaire employs several core questions asked in every track, notably:

- A pulse figure of sole trader sentiment, with 100 being 'average', 0 'negative' and 200 'positive', that can be tracked over time and broken down by sole trader groups. It is calculated using 12 variables, each grouped into current / future business performance, personal factors, business / economic conditions, and past business performance (using an average weighted in descending order).
- A series of attributes, such as sex, age, area, tenure, turnover, industry and whether have another job.



The headline measures include:

- Past financial performance: A combination of sole traders' financial performance in the last 12 months and the last quarter
- Current/future financial performance: A combination of sole traders' financial performance right now and expectations for financial performance in the next quarter and the next year
- Economic conditions: A combination of sole traders' perspective on business conditions right now, economic conditions right now and expected economic conditions in 6 months
- Personal conditions: A combination of sole traders' personal satisfaction, mental well-being, work life balance and degree of freedom

June 2024 Sole Trader Pulse Overview

	LAST PULSE (Mar 2024)	TOTAL	INDUSTRY					BUSINESS TENURE			GENDER	
	Index Result	Index Result	Tradie	Freelancer / Creative	Consultant	Health / Wellness	Others	< 2 years	3-10 years	11+ years	Males	Females
Past Financial Performance												
Financial Performance - Last Quarter	132	134	158	105	138	140	118	135	151	121	141	120
Current / Future Financial Performance												
Financial Performance Right Now	136	134	153	108	136	139	126	135	154	121	142	119
Financial Performance Next Quarter	144	138	149	111	139	154	127	142	157	123	141	133
Business & Economic Conditions												
Health of the Economy Right Now	104	96	111	84	92	97	80	103	119	78	103	82
Health of the Economy in 6 Months	117	104	109	89	98	116	94	117	127	82	111	90
Personal Factors												
Personal Satisfaction and Enjoyment	159	153	165	137	153	150	156	146	166	148	160	140
Wellbeing	145	146	152	137	147	142	147	133	155	145	153	131
Work-life balance	156	148	139	148	153	145	159	138	155	149	149	147
Financial Security	143	138	143	126	144	135	138	128	150	135	148	120
Job Security	144	144	155	121	141	150	150	139	151	142	149	135
Total Index	138	134	143	117	134	137	129	132	148	124	140	122

Executive Summary (1/3)

- **The Index remains overall positive in this latest pulse, yet we observe a decline in the total index driven by worsening economic conditions**
 - We have observed a slight decline in the total index, down from 138 to 134. Most of the index ratings have remained above the 100 average mark this quarter, which is both a positive but also points to the generally optimistic attitude that is prevalent among sole traders. However, many of the ratings for significant survey areas did erode, including on future financial performance (6 point decline) and work-life balance (8 point decline).
 - But the largest drops are around economic conditions, both current (8 point decline) and future expectations (13 point decline) for the remainder of the year. This fits with attitudes in our research with the general population, where hope for a better year (lower interest rates, growth, etc.) has turned to resignation of continuing or even worsening conditions.
- **In the last quarter, we saw a rebound in financial performance from the steady decline we have seen since June 2022. Tradies and those in business for 3-10 years were most positive about their financial performance, while older businesses and freelancers / creatives were worst off**
 - Financial performance has been rated worse by older businesses and by freelancers / creatives (who also suffer from lower perceived job security). This is in contrast to tradies and those in business for 3-10 years, who are more positive about their performance. The two business ages also hold different outlooks on the economy, with older businesses being much more pessimistic about current and future economic conditions.
 - This pessimism seems to mainly stem from from low sales driven by the much higher cost of living in recent times, as the market pulls back on discretionary spend. The more optimistic sole traders report steady or growing business, sometimes with a seasonal element.
 - On average however, there has been a rebound in financial performance from the steady decline we have seen over the past five pulses (from June 2022), as we see an increase in the proportion of customers reporting higher income than the previous quarter - 48%, up from 37% in March 2024.

Executive Summary (2/3)

- **The impacts of inflation continue to affect sole traders. While newer sole traders are doing more to cope with inflation, a higher proportion of them report that inflation has impacted their mental health**
 - The enduring impact of inflation is reconfirmed in this pulse, with the levels of sole traders that have reported inflation impacts in the last 3 months often matching or exceeding those reported by sole traders last year. The most common impacts are efforts to avoid taking on any additional debt (84% of sole traders), actively trying to cut business costs (79% of sole traders) and paying themselves more to cover living costs (75% of sole traders).
 - While these impacts vary slightly by profession, on the most part they are experienced at similar levels by sole traders of all professions. Interestingly, those newer to being a sole trader (0-2 years in business) appear to be trying to do more things to cope with inflation, such as using technology, undertaking additional training, increasing marketing efforts and diversifying offerings. This greater flexibility than older businesses (11+ years in business, often run by older individuals) may be paying off if their index ratings are any measure.
 - In saying that however, newer sole traders were almost twice as likely to report that inflation has impacted their mental health, with 65% of respondents that have been in business for 0-2 years stating this, compared with 36% of those who have been in business for 11+ years.
- **Despite the impacts of inflation and the worsening economy, the vast majority of Australians see benefits to being a sole trader**
 - Australians see a number of benefits to being a sole trader, the most common of which are flexibility (55%), a sense of personal achievement (44%), working alone (43%) and less bureaucracy and rules. In other words, these people value being in control, with knock-on benefits for many being more leisure time, travel flexibility and less stress.
 - This cannot be understated. Despite all the economic and financial ups and downs, sole traders' ratings of well-being are consistently positive over our tracking and, if anything, have slowly improved.

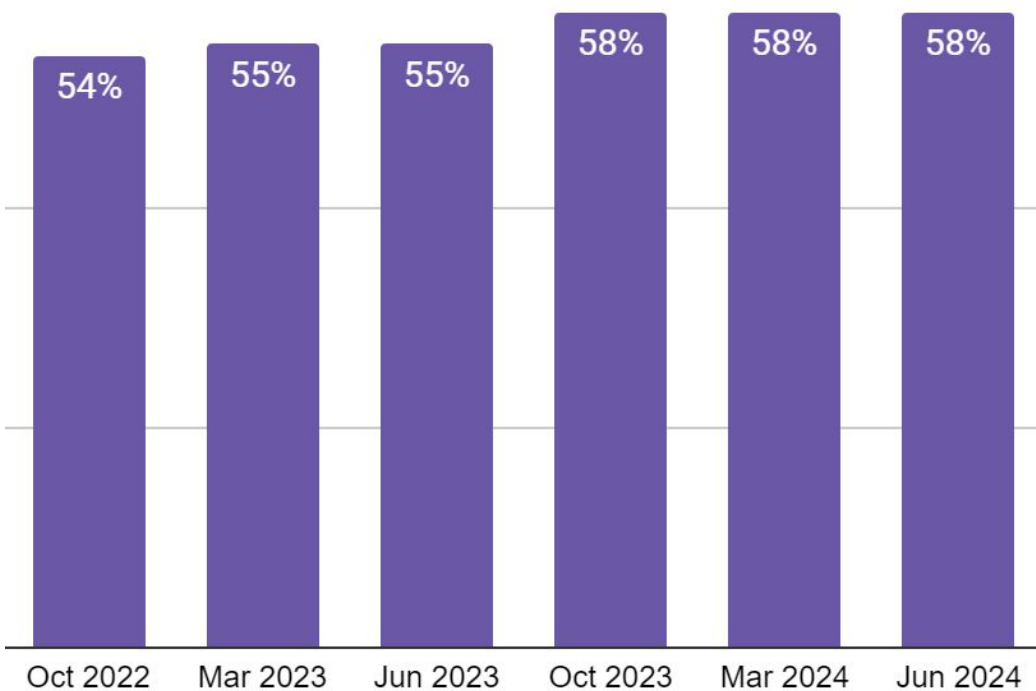
Executive Summary (3/3)

- **Over a quarter of sole traders save none of their income. On average however, sole traders are saving a around a fifth of their income**
 - On average, sole traders are able to save around a fifth (19%) of their income. That average masks a large variety of savings level though, with between a fifth and a third across all professions saving nothing at all - on average 27%. Consistent with their greater levels of financial security, males are saving more (22% of their income) on average than females (14% of income).
 - Asked what they do with those savings, most keep it in the bank, with high interest rate savings accounts (33% of sole traders), general bank accounts (27% of sole traders) and term deposits (18% of sole traders). Over a quarter have put some into super and just under a fifth play the share market or are paying down debt.
- **While most sole traders support the measures announced in the federal budget, only a quarter thought the budget was good for sole traders, with many more believing it would better benefit big business**
 - Most sole traders support the various measures announced in May's federal budget, and very few oppose them. Each of the major budget item – tax cuts, energy rebates, and 'A Future Made in Australia' (AFMIA) – received support from between 60% and 68% of sole traders.
 - They are, however, less convinced that the effects of the budget will be 'good', with many considering it will have a neutral effect (or 'waiting to see'). Interestingly, while 42% of sole traders thought the budget was good for big business, only 27% considered it would be good for sole traders like them. This minority view was replicated across all sole trader segments, i.e. few were impressed with the level of positive impact the budget had on sole traders.
- **Sole traders are spending more time and money managing their tax and financial admin in the lead up to EOFY. Those using programs and apps at this time take less time than those using family or friends, and is also spend less than those using an accountant or planner**
 - Sole traders in this pulse have reported they spend an average of 7 hours a week and \$446 per month managing their tax and financial affairs. As we've found in previous June pulses, both time and financial commitments have risen as the EOFY year approaches as, many sole traders are getting ready for 30th June.
 - Once again, we find use of programs and apps at this time takes less time than using family or friends, and is also cheaper than using an accountant or planner. It occupies a happy middle-ground between self-service and being prepared and assisted.

Australians make a conscious choice to become a sole trader due to the many benefits it affords them

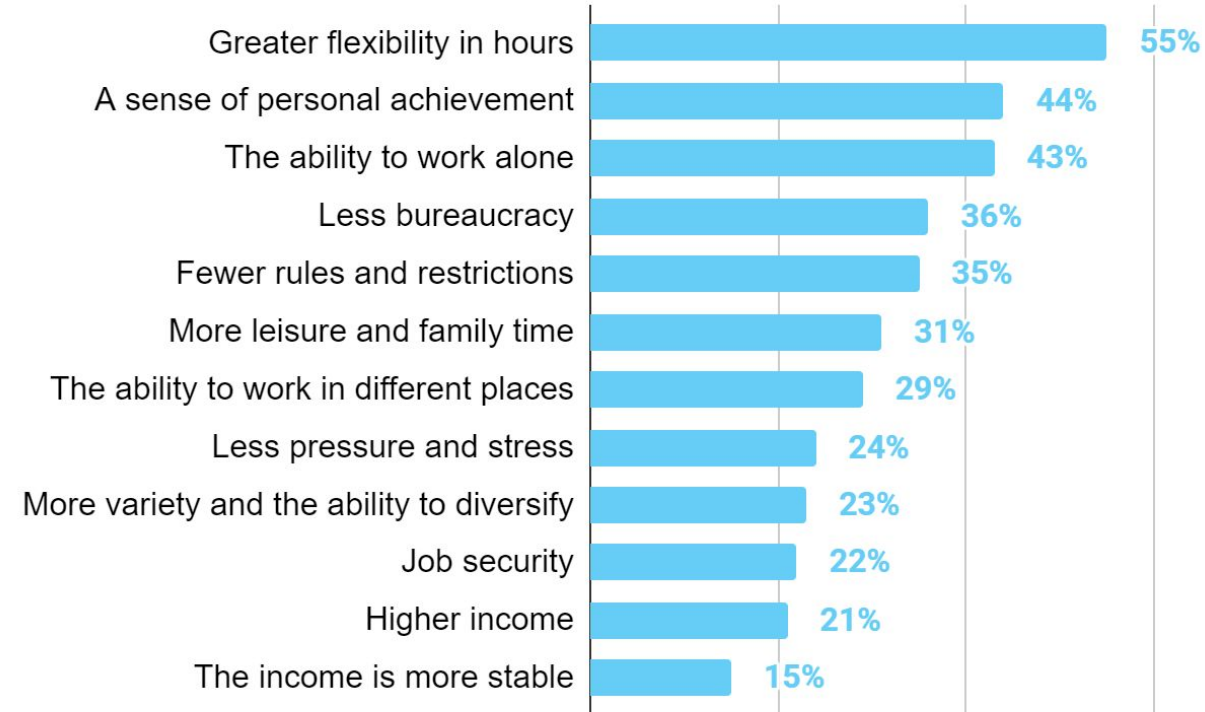
Sole Trader Levels of Wellbeing

Chart: Proportion of sole traders that reported their overall wellbeing to be either 'good' or 'very good'



Valued Aspects of Being a Sole Trader over an Employee

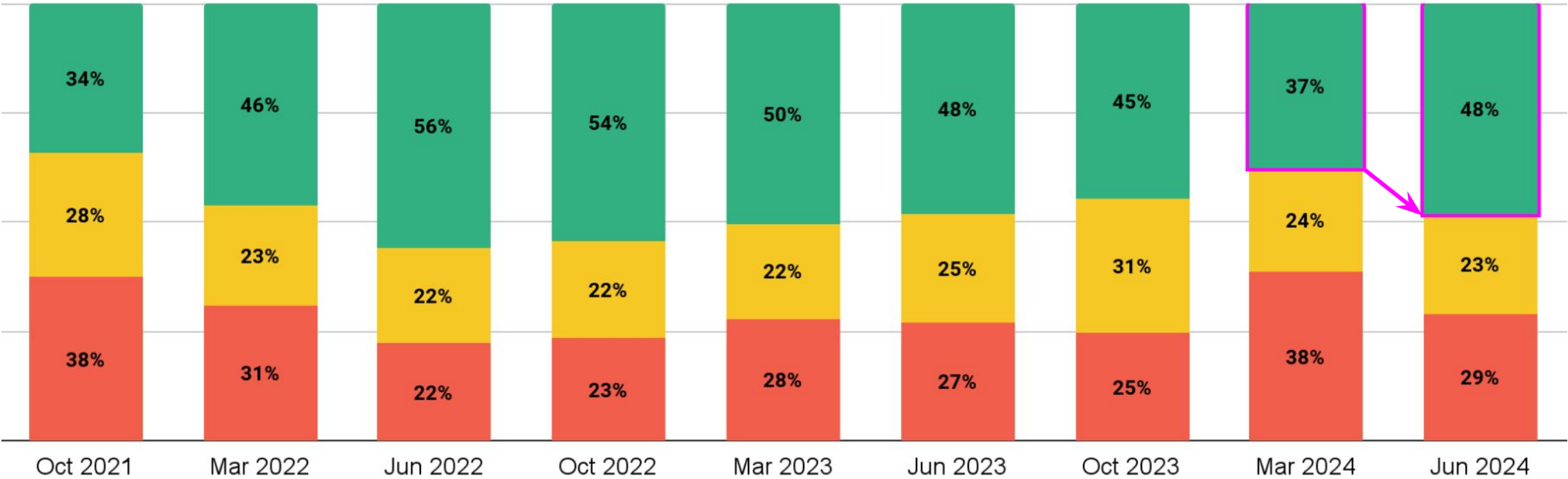
Chart: Proportion of sole traders that stated the following aspects of being a sole trader were benefits over being an employee



There has been a rebound in financial performance from the steady decline we have seen since June 2022

QoQ Financial Performance Reported by Sole Traders

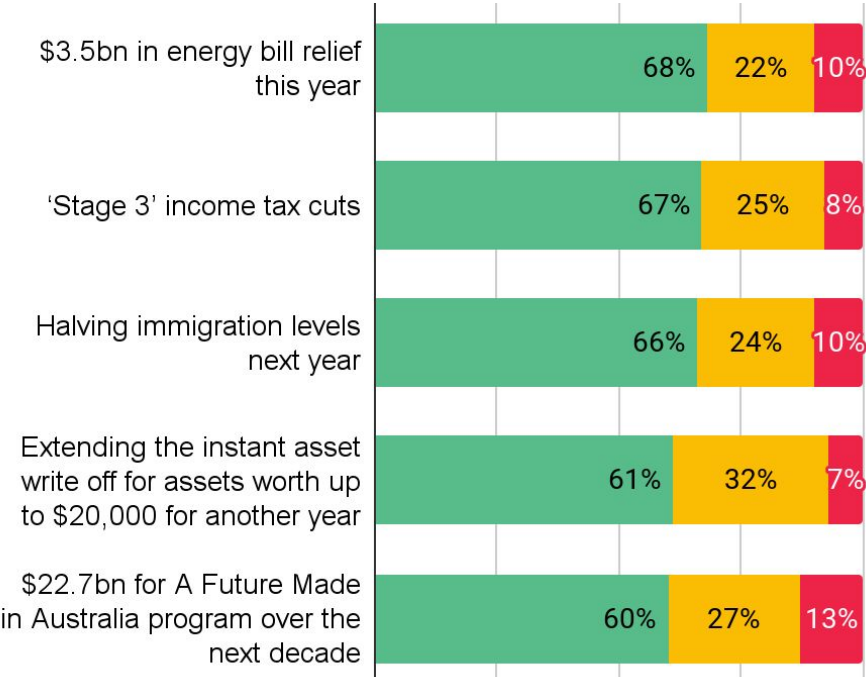
Chart: Proportion of sole traders that reported turnover was the lower, the same or higher than that of the previous quarter between Oct 2021 and Mar 2024



Most sole traders support items announced in the Budget, though more think big business would benefit from it over sole traders like them

Support for Federal Budget items Among Sole Traders

Chart: Proportion of sole traders that supported, opposed or were undecided towards the following Federal Budget Items

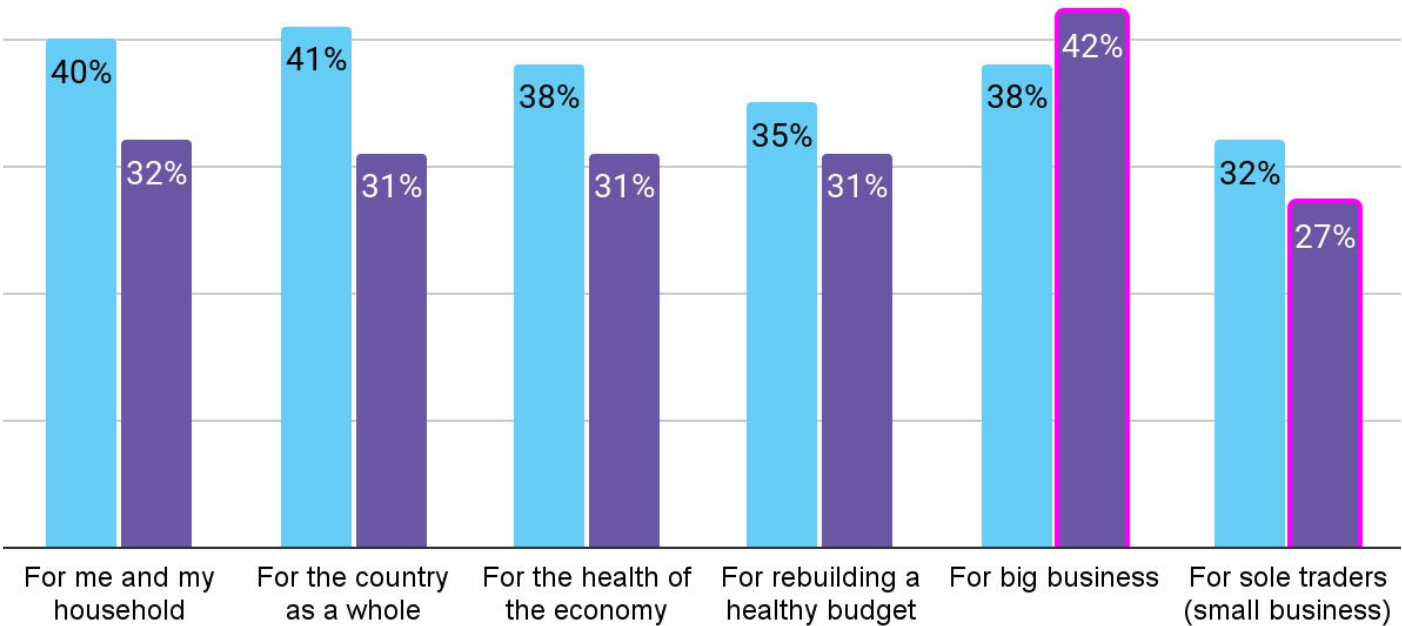


Key: ■ Support ■ Undecided / Neutral ■ Oppose

Notes: (1) General Population data taken from RPM May 2024

Perceived Federal Budget Beneficiaries by Sole Traders and the General Population¹

Chart: Proportion of sole traders and the general population that stated the Federal Budget was good for the following groups:



Key: ■ General Population ■ Sole Traders

About Hnry



*Pictured [L to R]: **Karan Anand** (Managing Director, Australia), **James Fuller** (CEO) and **Claire Fuller** (COO)*

Hnry provides an all-in-one digital accounting service for contractors, freelancers, sole traders and the self-employed, allowing them to focus on getting the job done and never having to think about tax and compliance again. As Australasia's fastest-growing accountancy, Hnry takes care of invoicing, expenses, payments, taxes and filings in an affordable, pay-as-you-go model, as well as providing expert, on-demand support.

Founded in Wellington in 2017, Hnry has experienced record growth and now helps more than 35,000 self-employed people in both New Zealand and Australia. Hnry has continued to win awards and accolades, including 2022 & 2023 Finder.com.au Best B2B Innovation, 2022 & 2023 Finnies People Choice Fintech of the year and the 2024 Canstar Innovation Award.

Contact us



media@hnry.com.au



<https://www.instagram.com/hnryau/>



https://twitter.com/hnry_au



<https://au.linkedin.com/company/hnry>



<https://www.facebook.com/hnryau/>