

Henry Sole Trader Pulse

Australia

March 2025



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:

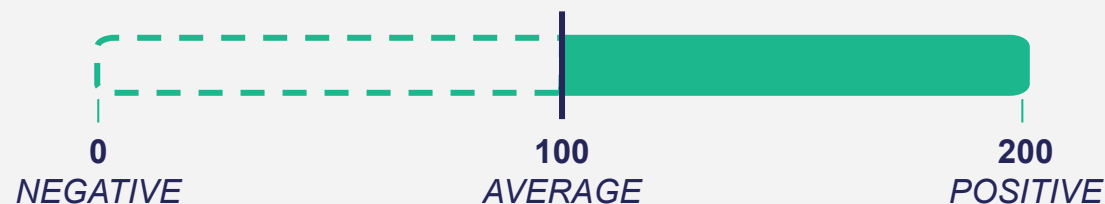
This Pulse was was conducted between 8th – 16th March 2025.

- The survey polled 526 sole traders across Australia, with a maximum error margin of +/-4.3%.
- The poll was conducted online via reputable business and general population panels, with respondents screened to ensure they are sole traders (including 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 business position, business expenses, government focus and performance.

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

March 2025 Sole Trader Pulse Overview - AU

	LAST PULSE (Oct 2024)	TOTAL (Mar 2025)	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	136	121	142	101	133	109	122	115	128	119	125	113
Current / Future Financial Performance												
Financial Performance Right Now	138	122	138	105	138	111	120	118	127	121	125	116
Financial Performance Next Quarter	144	136	140	123	148	130	136	132	145	131	136	134
Business & Economic Conditions												
Health of the Economy Right Now	94	85	99	77	103	54	77	95	82	82	90	76
Health of the Economy in 6 Months	104	100	108	96	110	88	89	105	94	101	104	91
Personal Factors												
Personal Satisfaction and Enjoyment	154	153	160	150	162	131	162	143	160	153	150	159
Wellbeing	140	130	126	123	154	130	140	130	131	130	131	128
Work-life balance	155	149	147	148	166	125	150	153	147	148	152	143
Financial Security	139	120	134	117	136	94	129	112	130	125	126	110
Job Security	145	139	154	117	136	134	150	137	133	140	145	127
Total Index	135	125	135	115	139	108	128	124	127	125	128	120

Executive Summary (1/3)

- **We have witnessed the largest decline in the total index for the sole trader pulse, driven by a poorer outlook on the health of the economy. Health and wellness workers have been hit the hardest. The index remains positive though, driven by wellbeing and work-life balance ratings, which were highly positive**
 - In the last pulse, we saw what looked to be a general stabilising of the index after the ups and downs over 2024. In this pulse however, we witness significant drops in many areas, with many dropping to 2-3 year lows. The result is the biggest drop in the total index witnessed since we commenced the Sole Trader Pulse, with the total index for this pulse of 125, down from that of our last pulse October at 135 (our highest ever).
 - While the total index remains positive on many fronts, it is the outlook on the health of the economy that is the main driver of the reduction in the index. In fact with a score of 85, it is not only negative but the lowest score for the health of the economy we have seen since we commenced the sole trader pulse.
 - Health and wellness workers have a poorer outlook on the economy and a resulting in a total index of 108, while tradies and consultants have a better outlook and seem to be doing better on the whole, with total indexes of 135 and 139, respectively.
 - However, sole traders' ratings of wellbeing, work-life balance and personal satisfaction and enjoyment of their work are highly positive (and are in fact the highest indicators in this pulse), suggesting that they are still incredibly happy with the flexibility in choosing when and how they work, despite fresh concerns over the economic situation - likely reflective of inflation and high interest rates, and thus would be shared by the broader AU population.
- **We have seen the highest proportion of sole traders stating that turnover has dropped from the previous quarter, at 40%. Younger sole traders are faring better than those more experienced when it comes to turnover. Despite this older sole traders rate their financial security more positively than those younger**
 - The trend in financial position is reflective of the index results, with 40% of sole traders saying their turnover has dropped this quarter compared to the last quarter. This is the highest proportion of sole traders that have said this in the history of the Sole Trader Pulse.
 - Interestingly, younger sole trading businesses are faring better than more mature ones, with only 29% of those operating for less than 2 years stating that turnover was lower than the last quarter, compared with 46% of in operation for 11+ years that said the same thing.
 - Despite this, when we ask the question of financial security, it is the older businesses and indeed the older sole traders that rate themselves more positively, 47% of those in operation for 11+ years and 58% of those aged 55+ that rated their financial security to be 'good'. This compares with the average of 43%. The same is true of the ratings for job security, though freelancers are less likely to think their job is secure than others.

Executive Summary (2/3)

- **The pressure of inflation continues for sole traders. While business remains tight, they are making ends meet in most cases. Positively, we have seen a decline in the proportion of sole traders needing to do more work as an employee to cover costs**
 - The impacts of inflation have clearly not gone away. The majority of sole traders are still paying themselves more to cover living costs (77%), paying more for supplies / fuel (75%), are trying cut costs (75%), and concerningly, cutting super contributions (54%).
 - However, most also report that many customers are loyal (79%) and that they are making a profit (70%). Positively, we have also seen a decline in the proportion of sole traders needing to do more work as an employee to cover costs, at 35%, down from 51% in Oct 2024.
 - Assessing the inflationary pressures by profession, we see interesting differences. For example, tradies report that they are still paying more for supplies and fuel, but their loyal customer base (or pipeline) and margins mean they are still making money. On the other hand, younger business are putting more effort in marketing, training and working as an employee to increase their income.
- **While three-quarters of sole traders incur non-billable business expenses, almost a third of them do not claim all that they are entitled to, mostly because they are unclear on what they can and cannot claim or cannot find receipts**
 - Around three-quarters (74%) of sole traders continue to incur non-billable business expenses. It is noteworthy that those using programs and apps are significantly more likely to incur expenses. It is unclear whether this is cause or effect, i.e. they have chosen apps to manage their expenses or whether they are more attuned to logging expenses because they have an app.
 - Nine-in-ten sole traders who incur expenses do claim them, but 32% do not claim all that they are entitled to. The most common reason for not claiming is that they are unclear on what they can and cannot claim (55%) or cannot find receipts (45%).
 - In fact, the amount foregone by sole traders as a result of either not claiming all or some business expenses is around \$3,900 on average - a very high amount given cost of living issues impacting the general population at the moment.
 - A similar theme is observed with mileage expenses, where most of those incurring vehicle expenses claim them (82%), but less than half claim all of them (48%). In the current climate this may be an important financial consideration, especially as the reasons given including not being sure what they can claim (28%), the amount not being worth it (29%), and complexity (22%). An easy and simply method would assist.

Executive Summary (3/3)

- **Over half of all sole traders believe they are poorly represented in policy-making. This is especially true for sole traders that have been in business for longer. This could explain the mixed views of the Labor government's first term**
 - Opinions of Labor's first term are mixed, with fairly equal proportions rating them as good and bad, though the strongest views are on the negative side, with 24% stating that the government's performance has been very poor over the past 3 years.
 - Over half (54%) of all sole traders believe they are poorly represented in policy-making. There is a difference here between younger businesses and older sole traders, with only 40% of those operating for less than 2 years stating that sole traders are poorly represented in the policy making. This compares with 61% of sole traders in operation for 11+ years who said the same thing.
- **A quarter of sole traders are now using apps and programs to manage their tax and financial affairs. Sole traders are spending \$319 per month and 6 hours a week to manage their tax and financial affairs**
 - We have observed a jump to a quarter of (24%) sole traders using apps and programs to manage their tax and financial affairs, equalling the previous high point in the AU Sole Trader Pulse. This may indicate a movements towards convenience and saving money.
 - Both time and money spent on financial and tax affairs drop in this pulse to the levels seen around a year ago, at an average of 6 hours a week and \$319 per month. While we could have inferred this as a cyclical trend around EOFY and return deadlines, this inference does not hold true over the long-term.
 - Instead, the more likely explanation is rising costs over the last year or two, followed by less business activity and/or cutting costs via increased use of apps and programs.