

Henry Sole Trader Pulse

Australia

October 2023



How the Henry Sole Trader Pulse was conducted

Henry 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 pulse in New Zealand, with methodology and topics as follows:

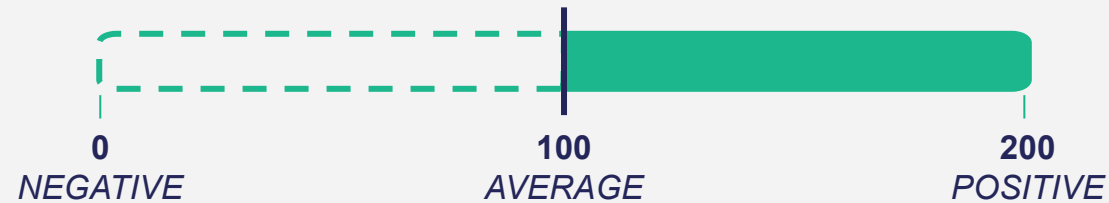
This Pulse was conducted between 5th – 12th October 2023.

- The survey polled 501 sole traders across New Zealand, 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 recession, self-image, payments, IR reforms, tax rates, returns and rebates, assistance with tax and financial affairs.

How the Henry 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

Oct 2023 Sole Trader Pulse Overview - AU

	TOTAL	INDUSTRY					BUSINESS TENURE			GENDER	
	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	130	130	129	126	137	139	140	130	125	135	120
Current / Future Financial Performance											
Financial Performance Right Now	132	137	127	128	141	144	144	130	128	136	124
Financial Performance Next Quarter	134	131	135	132	139	145	147	136	127	134	135
Business & Economic Conditions											
Health of the Economy Right Now	92	99	92	91	86	100	109	92	84	96	85
Health of the Economy in 6 Months	100	105	108	95	90	107	113	101	93	104	91
Personal Factors											
Personal Satisfaction and Enjoyment	154	147	162	148	151	167	162	151	151	157	148
Wellbeing	146	132	151	148	146	156	168	144	137	148	142
Work-life balance	156	131	163	160	156	167	175	147	154	155	158
Financial Security	141	131	140	146	147	146	154	134	139	143	137
Job Security	148	141	144	148	153	159	153	147	145	154	136
Total Index	133	128	135	132	135	143	146	131	128	136	128

Executive Summary (1/2)

- **Improved financial performance has led to an uplift in the total index after the dip we saw in June 2023**
 - In the last Sole Trader Pulse (June 2023), we saw index scores drop back to levels last seen in COVID, i.e. EOFY 2021-22. That was after we saw total index scores improve on the back of the lifting of the most serious COVID measures in early 2022 and a slowly and steady improvement until early 2023.
 - In this latest pulse we find an improvement of these dips in the index scores that we identified in the June 2023 pulse. Notably, sole traders seem more optimistic about their recent and current financial performance. The index for financial performance last quarter increased from 118 to 130, while that for financial performance right now increased from 123 to 132. This indicates the last quarter has been a good one, and they feel more secure in their job and their ability to balance work and personal life.
 - The overall effect is that the total index figure (133) is the most positive we have seen in two years of tracking, and the only point of pessimism is the health of the economy right now (index score of 92), i.e. not something internal to their sole trading business.
- **Sole traders remain optimistic about their future financial performance, despite economic pessimism**
 - The pessimism regarding the current economic indicator is likely driven by a concern about the future of the economy. 26% of sole traders believe Australia is already in a recession, while 66% in total expect Australia to be in a recession within the year, if not already.
 - As with previous pulses, a majority of sole traders report that their income has either remained the same or has dropped this quarter. While 45% do report an increase, we note that this may be keeping place with inflation rather than a real improvement in turnover.
 - Regardless, 47% of sole traders believe that financial performance in the coming quarter will be good. Accordingly, and consistent with the overall index, an increasing number of sole traders are also comfortable with the job security of their sole trading business - 61% compared with 56% in June 2023, suggesting that many believe they have come through the worst of rising living and business costs, though they may now be more pessimistic about growth.
 - In addition to this, most sole traders continue to rate their financial security positively, with only 14% rating it poor. Financial security does seem more of an issue for 35-54 year olds though, with 18% rating it poor.

Executive Summary (2/2)

- **Only half of all sole traders are aware of the proposed IR reforms (males more so than females). Tradies, contractors and consultants are more likely to believe that the effect of these reforms will be negative**
 - Over half (57%) of sole traders note that they are aware of the proposed IR reforms slowly making their way through parliament, but only 17% say that they're definitely aware and across some of the detail. This means most sole traders are either unaware or have only heard of reform being on the cards generally.
 - Interestingly, while a majority of males (69%) say that their aware of these reform, the opposite is true for females, with only 36% stating the same.
 - When the reforms are explained to sole traders (in broad terms), 34% believe they might be affected by them, but the nature of that effect is quite mixed and seemingly somewhat dependent by industry and role.
 - For example, tradies, contractors and consultants are more likely to believe that the effect will be negative, while freelancers and those with a second job alongside their sole trader occupation are more likely to see a positive impact.
- **The majority of sole traders are seeking out the methods right for them in managing their tax and financial affairs - with a move towards programs and apps for managing these affairs**
 - The vast majority of sole traders (80%) continue to seek some form of assistance in managing their financial and tax affairs. Accountants and tax agents are still common, but there looks to have been a surge in the use of programs and apps, with 24% reporting that they use them for this purpose, a 5% increase on what we have seen before this pulse, along with a drop in use of bookkeepers and family.
 - Similar to the last pulse, around three-quarters (73%) report being comfortable in managing their financial and tax affairs, with a consistent result across the methods used - suggesting that people are seeking out the help they need.
 - Since the EOFY, the number of hours and amount of money spent on managing financial and tax affairs has dropped. Sole are now spending an average of 6 hours a week (down from 8 in June) and \$299 per month (down from \$348 in June) to manage these affairs.

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 and 2022 & 2023 Fannies People Choice Fintech of the year.

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