



Hnry Sole Trader Pulse

Australia

March 2023



Executive Summary

- **Australians love the benefits of being self-employed.** 72% of sole traders said they enjoyed the freedom of running their own business, and 56% said their work-life balance was either good (32%) or very good (24%). 80% said they would remain a sole trader if offered a return to PAYG employment.
- **Despite economic concerns, sole traders are optimistic about their businesses.** Only 22% of sole traders said the health of the economy right now was good (18%) or very good (4%); even so, nearly half (45%) said the performance of their business was either good (32%) or very good (13%).
- **However inflation is continuing to cause concern for sole traders.** Sole traders have continued to avoid taking on debt (85%), are paying more for supplies and services (70%), and are having to take more money out of their business to cover higher living costs (72%). Against these pressures, only 26% noted they had increased their prices in the last few months (down from 56% last June) - suggesting they may have reached the the upper limit of their pricing.
- **Many sole traders have found it difficult to access credit.** Of those who have tried to take out a loan, nearly half (48%) found it difficult; in the last three months, nearly 10% of sole traders have tried to borrow money but found it difficult.
- **Superannuation is an afterthought for sole traders.** 21% of all sole traders are looking to make delays or cancellations in their superannuation payments. 46% have never contributed to superannuation as a sole trader.
- **Many sole traders are missing opportunities to save time and money:**
 - **Sole traders are shorting themselves money by failing to claim business expenses.** Of the 66% of sole traders who reported having business expenses, 42% said they didn't claim all the expenses they were entitled to. The average reported value of unclaimed business expenses was \$5,611, which means that sole traders are paying more than their fair share of taxes - probably because of the time and hassle involved in managing expenses.
 - **Tax and financial admin costs sole traders a lot of their time and money.** Sole traders are spending 7 hours per week and \$278 every month managing their tax and financial admin. Those that use modern, online accounting services (like Hnry) to manage their tax and financial admin are spending just 2 hours per week and \$102 per month on their tax and financial admin





How the Henry Sole Trader Pulse was conducted

An independent poll was conducted by Resolve Strategic™ between 14th - 21st March 2023.

- The survey polled 502 sole traders (excluding those trading as companies) 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 administration and tax compliance burdens, the impacts of inflation, superannuation, gig economy wages and minimum wage.

Sole traders are Australia's fastest growing segment

There are **1.5 million sole traders** in Australia, growing at **50,000 per year** making it the largest and fastest growing segment of the Australian economy



Sole traders **contribute over \$90B** to Australia's GDP¹ per annum



Sole Traders are a large and diverse group, comprising freelancers, contractors, tradies, gig workers and health and wellness professionals - **over 40%** of whom have **more than one job**

Sole traders are spending over **10 million hours every week** on tax and financial admin. That represents **\$28 billion in lost productivity every year**. As such they are turning to tools and services (such as Hnry) that help to ease that burden



Notes: (1) Based on the median earnings of owner managers of incorporated enterprises. Source: ABS: Counts of Australian Businesses, including Entries and Exits, June 2017 to June 2021, Characteristics of Employment, Australia, August 2020

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 15,000 self-employed people in both New Zealand and Australia. Hnry has continued to win awards and accolades, including 'Emerging Service of the Year' at the 2019 Wellington Gold Awards, being named a finalist for 'Hi-Tech Service of the Year' at the 2019 NZ Hi-Tech Awards, and winning 'Supporting Gold' at the 2020 Wellington Gold Awards. The company is currently a finalist for 'Hi-Tech Service of the Year' at the 2022 NZ Hi-Tech Awards, as well as winners of the People's Choice Award for 'Fintech Organisation of the Year' at the 2022 FinTech Australia 'Finnies' Awards.

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