



Hnry Sole Trader Pulse

New Zealand

March 2023



Key talking points

- **Sole traders are enjoying the benefits of self employment.** 70% of sole traders said they valued the degree of freedom in running their own business, while half (49%) said that their level of personal satisfaction in running their own business was good or very good. Contractors are feeling the benefits the most, with 85% saying they valued the degree of freedom in running their own business.
- **Work-life balance is good for sole traders - except for Tradies, who find it difficult to take leave.** 51% of sole traders reported having good (25%) or very good (26%) work-life balance. 55% of sole traders said they were comfortable taking regular periods of leave or holiday from their business. Tradies tell a different story, however, with nearly a third (31%) saying they do not take any (or hardly any) leave from their business, and a further 23% reporting they could only take occasional days off.
- **But sole traders are pessimistic about the economy.** Nearly half (44%) of sole traders said the current health of the economy was poor (27%) or very poor (17%). Only 13% of sole traders expect the health of the economy to be good (12%) or very good (1%) in 6 months' time. The most pessimistic group were Health and Wellness professionals, with 61% saying the current health of the economy was poor (38%) or very poor (23%), and only 5% saying the health of the economy would be good in 6 months' time.
- **The financial situation and mental health for many sole traders is dire.** 43% said they would struggle to cope if they had a major, unexpected business expense, and 34% said they would need financial assistance to survive an economic downturn. Only 33% reported improved mental health in the last 1-2 years.
- **Inflation is still a key driver of poor financial performance.** Sole traders are still very much feeling the effects of inflation, with 86% reporting they are avoiding taking on additional debt, 76% paying more for supplies and services, and 74% saying they were compelled to dig into their savings (or save less). Tradies have been impacted the most, with 97% reporting paying more for supplies and services, and 86% saying that high fuel prices have impacted their business. Sole traders also appear less willing to raise their rates to offset the impacts of inflation, with only 28% of sole traders reporting that they'd raised their rates in the last few months (compared with 56% in June 2022, when inflationary pressures were just beginning to affect the economy).
- **Sole traders also report being impacted by the recent weather events.** 39% of sole traders said their business was affected by recent weather events, such as Cyclone Gabrielle and the flooding in Auckland and Hawke's Bay. 13% said they were directly impacted, while 26% said they were only somewhat affected (e.g. disruption of supplies). Tradies were the most affected by the weather events, with 52% citing business impacts.
- **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 77% of sole traders who reported having business expenses, less than half (46%) said they claimed all of those business expenses as tax deductions. 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 the time and hassle required to manage expenses is too much.
 - **Tax and financial admin takes away critical time that could be spent earning more or supporting their wellbeing:** Sole traders are spending 6 hours per week and \$260 every month managing their tax and financial admin. Those that use modern, online accounting services to manage their tax and financial admin are spending just 2 hours per week and \$108 per month on their tax and financial admin



How the Henry Sole Trader Pulse was conducted

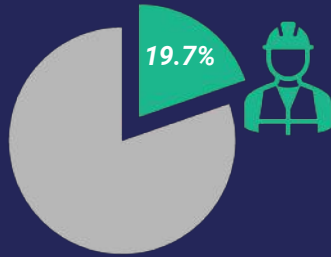
Henry commissioned Resolve Strategic to conduct polling to measure and regularly track the sentiment, views and experiences of sole traders in Australia and New Zealand. This report contains the results of the fourth survey in New Zealand, with methodology and topics as follows

- This survey polled 502 sole traders between 14th – 21st March 2022 (excluding those trading as companies) 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 COVID and mental health, the impacts of inflation, and value of business expenses



Sole traders are a significant part of the NZ economy

There are over **400,000 sole traders** in New Zealand, making them **19.7% of the working population**¹



Sole Traders are a large and diverse group, comprising freelancers, contractors, tradies, gig workers and wellness professionals - **over 35% of whom have more than one job**



Inflation, natural disasters, and other economic pressures have impacted some types of sole traders more than others. Issues around **sole trader mental health** are also a focal point, as well as those tools and services (such as Hnry) that help to ease that burden. Given the wider potential of a recessive economy, minimising unnecessary cost and hassle is a big priority for New Zealand's sole traders.

Notes: (1) Based on OECD Employment Data [<https://data.oecd.org/emp/self-employment-rate.htm>]



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. Australasia's fastest-growing accountancy, Hnry, takes care of invoicing, expenses, payments, taxes, and filings in an affordable, pay-as-you-go model and provides expert, on-demand support.

Founded in Wellington in 2017, Hnry has experienced record growth and now helps 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, winning 'Supporting Gold' at the 2020 Wellington Gold Awards and People's Choice (FinTech Organisation of the Year) Award at the 2022 Australian Finnies. More recently, Hnry has also won 'Outstanding Supplier' at the 2022 RCSA Awards and 'Best B2B Innovation' at the 2022 Finder Awards.

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