

Henry Sole Trader Pulse

New Zealand

March 2024



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 track in New Zealand, with methodology and topics as follows:

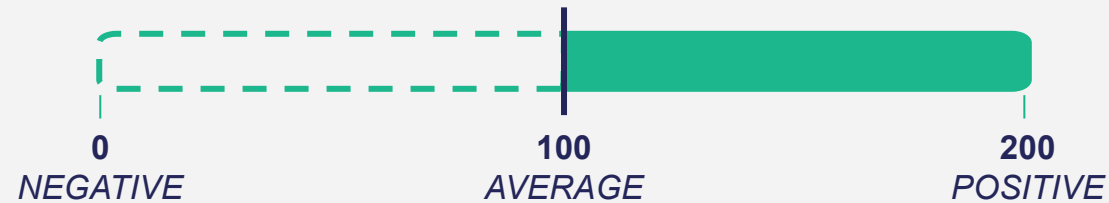
This Pulse was conducted between 6th - 20th March 2024.

- The survey polled 553 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 the EOFY, working outside their sole trading business, invoicing, expenses and motor vehicle expenses, the new gov. and potential policies.

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

March 2024 Sole Trader Pulse Overview - NZ

	TOTAL	INDUSTRY						BUSINESS TENURE			GENDER	
	Index Result	Tradie	Freelancer / Creative	Consultant	Contractor	Health / Wellness	Others	< 2 years	3-10 years	11+ years	Males	Females
Past Financial Performance												
Financial Performance - Last Quarter	125	129	104	121	128	138	139	136	120	125	126	123
Current / Future Financial Performance												
Financial Performance Right Now	128	140	91	123	141	130	155	135	120	136	134	120
Financial Performance Next Quarter	128	136	108	133	130	137	134	138	123	129	126	131
Business & Economic Conditions												
Health of the Economy Right Now	85	108	65	77	92	82	86	79	87	85	93	72
Health of the Economy in 6 Months	99	117	77	97	105	95	106	101	100	98	107	88
Personal Factors												
Personal Satisfaction and Enjoyment	160	170	143	155	171	152	172	155	157	167	159	162
Wellbeing	139	151	113	140	142	139	157	147	126	151	147	127
Work-life balance	153	161	137	155	156	173	145	173	146	153	154	153
Financial Security	131	143	103	132	145	113	136	122	126	140	140	116
Job Security	140	158	104	140	135	163	163	149	125	155	141	139
Total Index	129	141	104	127	134	132	139	133	123	134	133	123

Executive Summary (1/3)

- **Sole traders are reporting the most positive levels of financial performance, economic outlook, personal satisfaction and work-life balance we have seen since we started running this pulse (in Oct 2021). Freelancers and creatives are still doing it tougher, however**
 - In the last pulse (Oct 2023), we observed sole trader's outlook for future financial performance to be the most optimistic it has ever been. In this pulse (Mar 2024) we find further improvement in the index of New Zealand sole traders, building on October's rating to set a new high. All measures improved to some extent, with recent and current financial performance (up to 128 from 113), economic outlook (up to 85 from 71), personal satisfaction (up to 160 from 140) and work-life balance (up to 153 from 142) returning the most notable increases.
 - As with previous pulses, we find that freelancers / creatives have returned less positive index ratings, particularly on financial performance, economic outlook and security. This likely explains why many sole traders see themselves as financially secure right now than insecure - just 15% feel insecure, though Australian sole traders are once again more positive on this score.
 - But feelings of base job security have increased over the last six months (to equal that of Australia), suggesting that at the very least more sole traders in New Zealand are feeling comfortable and less at risk of collapse.
- **Sole traders prefer value the conditions of fixed term contracts over other forms of employment, including casual and salaried employment. In addition, the majority of sole traders prefer the life of a sole trader over that of a company owner**
 - 38% of sole traders have experience of working on fixed term contracts. The experience of fixed term contracts appears to be a much more positive one compared to other types of work and employment - with 62% of sole traders noting they were adequately paid taking into account things like Kiwisaver, annual leave and other benefits. This compares with 53% who said the same about casual employment and 51% who said this about salaried employment.
 - The experience of owning and operating a company is also surprisingly common, with over half of respondents saying they have registered a company before including a third of sole traders reporting that this is currently the case, i.e. they are both sole trader and company owner. However, it appears that most prefer the life of a sole trader, with 53% saying this, compared with 29% who preferred being a company owner instead.

Executive Summary (2/3)

- **Most sole traders are satisfied with their current invoicing method. However, there is an opportunity for better solutions for claiming business expenses, as almost half of all sole traders do not claim all of the expenses they are entitled to**
 - 78% of sole traders report issuing invoices to their customers, even if as just one method of payment. The vast majority (94%) are satisfied with how this is working currently.
 - Over 80% of sole traders now report incurring non-billable expenses, which (like Australia) is an increase over the last nine months. This could be a positive sign that they are starting to spend on items needed for their sole trading activities that have been the focus of saving money in the last year, pointing to increased confidence in their work.
 - It is still the case that 37% of sole traders incurring such expenses are not fully claiming for them, with a further 10% not claiming any of these expenses at all. The reasons are varied, but are essentially a value judgement – if the amount is not worth it and the task too complex, time-consuming or uncertain then it will not be performed. With those claiming expenses reporting they spend an average of seven hours a month (two hours a week) doing this, there is clearly a time / cost saving to be had before we arrive at unclaimed expenses.
- **Less than half of all sole traders believe the government is focused on the right things. When asked about potential policies, sole traders are most supportive of those that lower taxes or provide tax credits**
 - Despite the current economic optimism, sole traders have become less impressed with the ‘new’ National-led government. Just under half believe that the government is focused on the right things, with only one-in-eight saying this is definitely the case. Those that are more likely to report that the government is focused on the right things include tradies (70%) and older (55+) sole traders (57%). This compares with just 14% of freelancers and creatives who said the same thing.
 - Further, the proportion of sole traders who believe the government is delivering on their promises – to avoid recession, reduce inflation and red tape – is dropping, from 51% in Oct 2023 to a minority of 40% now. Adding to this, only a quarter of sole traders think they will be better off under the Government’s touted ‘tough decisions’. Four-in-ten expect they will be worse off.

Executive Summary (3/3)

- Presented with a series of potential policies, sole traders are most supportive of those that lower tax or provide tax credits - 77% wanted to see the the tax rate for the second bracket (earnings between \$14,000 - 48,000) lowered from 17.5% to 15.5% , while 74% of them were supportive of a 2% tax credit for self-employed New Zealanders to account for the greater administration costs of being self-employed (capped at \$1,500 a year).
- The likelihood of the support behind these are due to the face these all sole traders and allow them to maximise profits. They were less supportive of measures that touch only some people, e.g. those with a mortgage or a child, or that help people yet to become sole traders.
- **Sole traders are currently spending 4 hours a week and just over \$200 a months managing their tax and financial affairs. Programs and apps are among the best value solutions for managing tax and financial admin, with three-quarters of all sole traders now using them for this**
 - Sole traders are currently spending 4 hours a week and just over \$200 a months managing their tax and financial affairs. While they are spending less time and money than their Australian counterparts, likely due in part to their greater use of programs and apps, looking forward to EOFY, sole traders do estimate that their time and money commitment will increase to 11 hours and \$749.
 - This is a significant drop on last year (17 hrs and \$1,033) as levels fall back down to levels even lower than 2022. Programs and apps require some of the least investment in time and money, even when paired with other sources of help in this instance.
 - 75% of sole traders use help in managing their tax and financial affairs, over a third of these use programs or apps to do so. There has been a slight decline in those using accountants, at 48% - a steady decrease from Oct 2021 when it was 53%.

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 Finnies People Choice Fintech of the year.

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