

# Henry Sole Trader Pulse

New Zealand

March 2025



# 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:

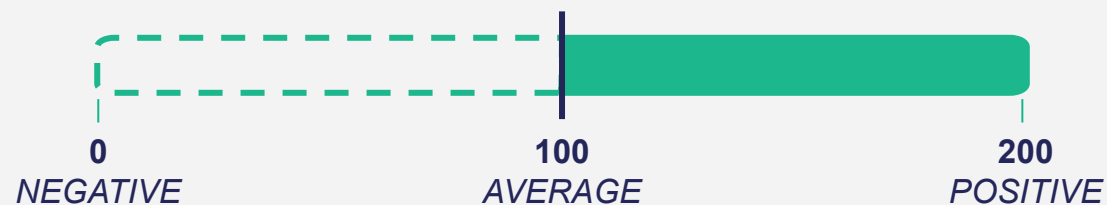
This Pulse was was conducted between 4th – 11th March 2025.

- The survey polled 531 sole traders across New Zealand, 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 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 and tax returns, financial and tax affairs, government performance, business performance and conditions.

# 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 2025 Sole Trader Pulse Overview - NZ

	LAST PULSE (Oct 2024)	AUS PULSE (Mar 2025)	TOTAL (Mar 2025)	INDUSTRY						BUSINESS TENURE			GENDER	
	Index Result	Index Result	Index Result	Tradie	Freelancer / Creative	Consultant	Contractor	Health / Wellness	Others	< 2 years	3-10 years	11+ years	Males	Females
<b>Past Financial Performance</b>														
Financial Performance - Last Quarter	119	121	110	127	92	120	114	101	103	110	111	110	121	95
<b>Current / Future Financial Performance</b>														
Financial Performance Right Now	121	122	109	126	99	113	113	93	99	112	108	107	119	95
Financial Performance Next Quarter	136	136	122	139	121	122	119	97	120	129	117	120	130	111
<b>Business &amp; Economic Conditions</b>														
Health of the Economy Right Now	90	85	78	84	72	84	81	54	70	85	82	65	89	60
Health of the Economy in 6 Months	110	100	102	109	93	103	99	93	105	108	104	94	107	94
<b>Personal Factors</b>														
Personal Satisfaction and Enjoyment	148	153	145	137	154	148	128	143	150	150	136	151	152	135
Wellbeing	140	130	131	129	127	142	122	142	127	126	129	138	143	114
Work-life balance	152	149	153	141	157	152	138	167	163	162	140	160	154	151
Financial Security	134	120	118	131	112	131	117	95	112	113	111	132	132	98
Job Security	136	139	133	133	126	135	121	139	145	131	125	144	143	118
<b>Total Index</b>	<b>129</b>	<b>125</b>	<b>120</b>	<b>126</b>	<b>115</b>	<b>125</b>	<b>115</b>	<b>112</b>	<b>119</b>	<b>123</b>	<b>116</b>	<b>122</b>	<b>129</b>	<b>107</b>

# Executive Summary (1/3)

- **We have seen a drop in the total index for the Henry Sole Trader Pulse to 120 from the peak of 129 observed in October 2024, driven by declining financial performance, perceived economic health, and financial security, with a notable gender divide showing males at 129 and females at 107**
  - In the last pulse, we saw the most positive index for NZ sole traders since we started conducting the Henry Sole Trader Pulse in October 2021, at 129. This was driven by sentiments on future financial performance, opinions of the economy, wellbeing and financial security. In the most recent pulse however, we observe that the total index of NZ sole trader views and experiences, while not at an all-time low, has dropped from its recent high to 120.
  - Driving this was less positive financial performance for their sole trading businesses – both recent and forecast. Financial security among sole traders has reached a new low, at 118. The declining health of the economy seems to be an indicator of cause, and lower well-being an effect.
  - While these results are fairly uniform across industry and demographics, sole traders working in health and wellness had a poorer outlook on the economy; a similar pattern was observed for their peers in Australia.
  - There are more differences by geo-demographic groupings, the starkest of which is an emerging gender divide where males are a lot more positive than female sole traders with a total index figure for males of 129, compared with that of females at 107.
- **Similar proportions of sole traders are reporting lower and higher turnover quarter-on-quarter, a shift from more positive recent trends. Auckland sole traders, freelancers, and males were most likely to report gains. Financial security has hit a new low, with only 43% rating it 'good' - down from Oct 2024**
  - Regarding financial performance, we observe that there are almost the same proportion of sole traders reporting lower (39%) and higher (40%) turnover quarter-on-quarter. This is the first time this differential has been that close for two years - where more recently we have seen more sole traders reporting higher quarter-on-quarter turnover than those reporting lower.
  - Groupings with the highest proportions of sole traders reporting higher quarter-on-quarter turnover include Auckland sole traders (47%), freelancers (47%) and males (45%). The minority of females are reporting an increase in quarter-on-quarter turnover, with only 33% stating this.
  - The result of this is that financial security has fallen from the highs of six months ago, with a drop to a new low of only 43% of sole traders rating their financial security as 'good'. These results are fairly consistent across splits, though we do again see the gender split here, where 51% of males rate their financial wellbeing as 'good', compared with only 31% of females.

# Executive Summary (2/3)

- **Sole traders are not optimistic about the economy in the short term, but are expressing hope for a stronger economy in the 1-5 year horizon. Personal finances are tight for many - almost a third spend more than they earn, and over half would not be able to handle big expenses**
  - Only 37% of sole traders believe the economy will get better in the next 6 months. Even less think it will get better in the next month or three. But sole traders are more hopeful in the longer term, with 47% expecting it to improve in the next 5 years.
  - Personal finances portray a more worrying picture, as almost a third (29%) of sole traders are spending more than they bring in. Furthermore, over half (52%) of all sole traders believe that they would struggle to afford a major expenses, e.g. a vehicle or machine requiring repair or replacement - likely explaining the drop in financial security.
- **People still consciously choose to become a sole trader. Common reasons include avoiding traditional employment, valuing flexibility and work-life balance. A minority of sole traders think they would be better off under a company structure, citing control and simplicity as key advantages of being a sole trader**
  - The choice to become a sole trader is a conscious one among sole traders in NZ. For many, this is a choice to avoid working for an employer in a larger company (67%), but we also find that under-employment or unemployment can be a driver to become self employed (63%), often in the same industry as that in which they worked (especially consultants).
  - When asked how their sole trading role compares to employment – either to that of friends, or their own (given more than a third do have a second job) – it is clear that the major draw cards are flexibility of hours (81%) and work-life balance (68%).
  - An average of 40% of sole traders have used a company structure previously. This was highest among tradies (57%) and consultants (60%). Only a quarter of sole traders think they might be better off under a company structure now, and the majority (65%) have not considered converting to a company structure.
  - Asked why they prefer one business structure over another, sole trading is viewed as controllable, simpler, easier and more flexible. Meanwhile adopting a company structure is seen as being more professional-looking, and holds advantages for growing, financing, employing, etc. Some also believe the limitation of liability is valuable.

# Executive Summary (3/3)

- **Opinions of the National-led government are still mixed, but continue to worsen. Only 16% of sole traders now think the government has had a positive effect**
  - Opinions of the National-led government are still mixed, but continue to worsen. We again see the gender divide here, with 46% of male sole traders rating the first year performance of the National-led coalition as good, compared with only 25% of female traders who said the same thing.
  - In fact, only 16% of sole traders now think the National-led government has had a positive effect (a third of what it was in Oct 2023). Those regarding the government as having a negative impact on sole traders are double that figure, at 30%.
- **Three-quarters of sole traders incur expenses. However almost four-in-ten do not fully claim them due to tax system complexity, apathy, uncertainty about claimable items, and missing receipts**
  - Three-quarters (75%) of sole traders report incurring non-billable expenses, a figure that has been fairly consistent over the past two-years. It is still the case that almost four-in-ten (37%) of all sole traders incurring such expenses are not fully claiming them.
  - The reasons for this include the complexity of the tax system (33%) and not being bothered (24%). However, it is uncertainty about what can and cannot be claimed (59%) and a lack of receipts (32%) that are increasingly being cited as reasons.
  - In fact, the amount foregone by sole traders as a result of either not claiming all or some business expenses is \$3,920 on average - a significant amount given cost of living issues impacting the general population at the moment.
- **As with prior years, we have seen an increase in the use of accountants in the lead up to EOFY. However, at 44% this is the lowest March figure we have seen. In this pulse we see that sole traders are spending an average of 5 hours a week and \$334 per month managing their tax and financial administration**
  - In the March pulse we often see the use of accountants rise as we approach the EOFY, and this year is no exception. However, we are coming off a lower base in Oct 2024 (34%), so while there is a rise in the use of accountants, it is lowest March figure yet recorded (44%). We can infer that sole traders are continuing to attempt to save money here, but many still reverting to old habits as EOFY approaches.
  - At EOFY we would expect the time and financial commitment for managing these affairs to go up, but in the last two years that has not been the case. In fact, it has tended to rise in June. In this pulse, we find that sole traders are spending an average of 5 hours a week and \$334 per month managing their tax and financial administration. Those using programs and apps for their tax and financial administration are spending less, \$356 compare with the \$486 per month of those using accountants.