

Henry Sole Trader Pulse

New Zealand

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:

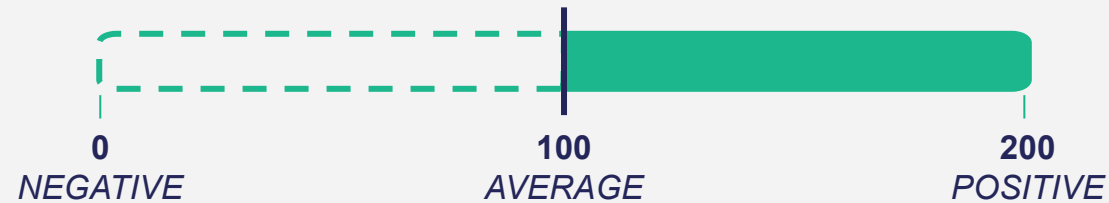
This Pulse was was conducted between 17th - 20th October 2023.

- The survey polled 500 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 pulse the poll also asked a series of ad hoc questions about the prospect of recession, savings and investments, financial reserves, the impact of the recent general election result, financial planning and tax.

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

October 2023 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
Financial per. last quarter	110	126	92	109	112	133	98	115	112	105	109	111
Financial per. right now	113	133	89	110	115	126	108	127	115	104	110	117
Financial per. next quarter	126	138	114	123	128	115	131	142	125	120	123	131
Health of economy right now	71	87	68	81	74	45	57	82	70	68	76	64
Health of economy next 6 months	90	103	82	84	98	71	90	101	80	97	93	86
Personal satisfaction & enjoyment	140	136	143	138	145	149	134	123	143	145	138	145
Well-being	136	137	127	140	138	124	143	118	133	147	138	134
Work-life balance	142	137	137	157	152	145	117	129	138	152	145	138
Financial security	126	121	107	138	128	124	131	100	125	137	129	120
Job security	132	122	123	144	137	140	132	127	126	141	128	139
Total Index	119	124	108	123	123	117	114	116	117	122	119	118

Executive Summary (1/3)

- **This pulse reveals that while current performance remains largely the same, sole traders are very hopeful for a better future, despite the likelihood of a recession**
 - In the October 2023 Sole Trader pulse we find that while most metrics have remained stable (within error margins), sole trader's outlook for the next quarter's financial performance has become more optimistic.
 - In fact, it is the most positive it has ever been, and we cannot ignore the potential impact of recent election outcome in this judgement. However, all the measures are lower than those in Australia and we also find drops in current economic health and financial security that would indicate that this is all about hope for, rather than proof of, better outcomes.
 - When asked about the prospect of recession, 70% believed New Zealand was either already in the midst of one (52%) or will be in the next year (19%). Only 11% expect that New Zealand will avoid this economic fate over the next year
- **There is a continued pattern of freelancers and creatives being less financially successful than tradies and those working in health and wellness sectors**
 - Almost half of NZ sole traders (47%) rated their financial security as 'good'. This proportion was fairly consistent across most industries, apart from freelancers, of which only 32% said the same thing.
 - Males are significantly more likely to have experienced an upturn in income, with 51% reporting higher QoQ income, compared with 30% of females who said the same thing.
 - However, most ratings for personal benefits of being a sole trader are consistently positive across regardless of this.
- **The economic pessimism we see right now is tempered by some significant optimism prompted by the change in government**
 - Overall, nearly half (46%) think the change of government will have a positive effect on their business, while just 20% think it's a backward step. Intriguingly, those in Wellington are more likely to see an impact on them, but consultants less so.
 - While political allegiances will undoubtedly play a part in these views, and sole traders / small businesspeople tend to lean right-of-centre, we also believe that a 'change of approach and settings' will be a factor here.

Executive Summary (2/3)

- When asked what new government's priorities should be, most sole traders agreed that it should entail growing the economy to avoid (or come out of) a recession (49%) and tackling inflation (43%).
- Lowering taxes and cutting red tape, i.e. compliance, are also priorities for 31% and 25% respectively, noting that respondents were confined to a maximum of two choices. Reducing training and development costs was the lowest order priority (8%).
- **Short term business decisions are likely to have long term consequences, as sole traders are not prioritising their superannuation contributions**
 - Sole traders report that, on average, they have been able to save or invest around 14% of their income in the last year. Of note, 19% have not saved anything and this is quite consistent over the different industries.
 - In addition to this, 38% of sole traders who were in business a year ago have never made a contribution to retirement. For those that have made a contribution, only four-in-ten report this has been a recent contribution, and the percentage of income saved in this way averages just 3%. Furthermore, 22% of those who have made contributions to superannuation to date as a sole trader plan to cancel or delay planned contributions (noting that others will not have planned any).
- **As a result, sole traders do not feel that they are ready for retirement, with many having emergency funds, albeit limited, to deal with unforeseen circumstances in the near future**
 - Though older sole traders closer to retirement age are a little more confident in having a comfortable retirement, it is somewhat concerning that only half (55%) display this confidence and only one-in-ten (9%) are 'very confident'.
 - We can infer that long term financial security comes as a second preference to current financial performance and shorter-term business decisions and all the obvious long-term risks that come with that. Proof of this short-term focus is that around three-quarters (73%) of sole traders report having a contingency fund – or emergency fund – that they consciously and continually keep in reserve for unforeseen expenses and cash flow issues.
 - For those without an emergency fund, around a fifth (18%) do not have any other means of withstanding shocks. This equates to around 5% of all sole traders, and shows that even a minor cash flow issue or expense can be dangerous for some.

Executive Summary (3/3)

- **As this pulse is further away from EOFY, sole traders also report spending less time and money on the financial and tax affairs than they did last quarter.**
 - Sole traders are spending an average of 5 hours a week and \$258 per month managing their tax and financial affairs, down from 7 hours a week and \$284 per month when we surveyed them in June 2023.
 - Noting that sole traders can, and often do, use multiple sources of assistance with their financial and tax affairs, programs and apps are now 'middle of the pack' on time and cost.

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.

Contact us

 media@hnry.com.au

 <https://www.instagram.com/hnryau/>

 https://twitter.com/hnry_au

 <https://au.linkedin.com/company/hnry>

 <https://www.facebook.com/hnryau/>