

Henry Sole Trader Pulse

New Zealand

October 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:

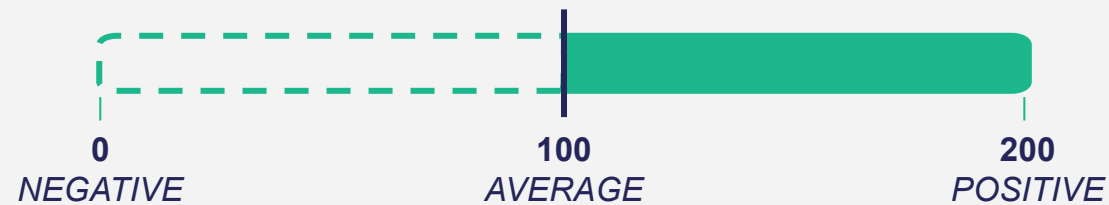
This Pulse was conducted between 2nd to 15th October 2024.

- The survey polled 547 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 gov. and sole trader policies, the impacts of inflation, working overseas, GST thresholds and KiwiSaver.

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 2024 Sole Trader Pulse Overview - NZ

| | LAST PULSE (Jun 2024) | AUS PULSE (Oct 2024) | TOTAL | 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 |
| Past Financial Performance | | | | | | | | | | | | | | |
| Financial Performance - Last Quarter | 116 | 136 | 119 | 111 | 111 | 113 | 133 | 146 | 120 | 115 | 124 | 120 | 123 | 113 |
| Current / Future Financial Performance | | | | | | | | | | | | | | |
| Financial Performance Right Now | 119 | 138 | 121 | 121 | 117 | 113 | 134 | 152 | 116 | 117 | 127 | 120 | 123 | 119 |
| Financial Performance Next Quarter | 130 | 144 | 136 | 131 | 136 | 123 | 141 | 168 | 137 | 139 | 136 | 129 | 135 | 137 |
| Business & Economic Conditions | | | | | | | | | | | | | | |
| Health of the Economy Right Now | 82 | 94 | 90 | 105 | 83 | 87 | 100 | 91 | 83 | 89 | 93 | 87 | 99 | 77 |
| Health of the Economy in 6 Months | 105 | 104 | 110 | 112 | 103 | 104 | 125 | 118 | 105 | 113 | 105 | 113 | 118 | 99 |
| Personal Factors | | | | | | | | | | | | | | |
| Personal Satisfaction and Enjoyment | 145 | 154 | 148 | 148 | 143 | 145 | 160 | 156 | 148 | 142 | 150 | 159 | 148 | 149 |
| Wellbeing | 139 | 140 | 140 | 122 | 135 | 145 | 147 | 166 | 148 | 133 | 136 | 161 | 144 | 133 |
| Work-life balance | 148 | 155 | 152 | 134 | 148 | 161 | 162 | 172 | 156 | 146 | 148 | 172 | 153 | 151 |
| Financial Security | 126 | 139 | 134 | 132 | 123 | 138 | 145 | 167 | 131 | 126 | 136 | 147 | 140 | 124 |
| Job Security | 138 | 145 | 136 | 134 | 123 | 141 | 137 | 173 | 144 | 130 | 140 | 145 | 138 | 134 |
| Total Index | 125 | 135 | 129 | 125 | 122 | 127 | 138 | 151 | 129 | 125 | 130 | 135 | 132 | 124 |

Executive Summary (1/3)

- **This pulse has shown the most positive index for NZ sole traders since we have started conducting the Hnry Sole Trader Pulse in October 2021. Driving this result are sentiments on future financial performance, opinions of the economy, wellbeing and financial security**
 - The overall sole trader index has slightly improved from June 2024, increasing from 125 to equal its previous all time high (from March 2024) of 129. Within this we have observed a series of movements towards the positive, with many indicators reaching new highs.
 - In particular, we see sentiments on future financial performance, opinions of the economy and sole traders' ratings of their wellbeing and financial security to be the most positive we have ever observed.
 - This provides the first indication that sole traders are seeing green shoots of economic health on what has been the worst scoring measures throughout the past 10 pulses. Still, NZ sole traders still tend to rate their circumstances and outlook less favourably than those in Australia, where we saw a total index of 135.
- **Health professionals returned the highest index by far, across multiple measures. Younger sole traders are more likely to have an optimistic financial outlook, while older sole traders are tend to score better on work life balance**
 - When we break down the results by profession, we find that health professionals have returned the most positive index result, at 151. Driving this are their leading results for forecast financial performance (index score of 168 compared to the national average 136), financial security (index score of 167 compared to the national average 134) and wellbeing (index score of 166 compared to the national average 140).
 - Financial outlook is best among younger (17-34 year old) sole traders, with a future financial performance index of 153 compared to the national average of 136. Older (aged 55+) sole traders tended to score better on work-life balance instead, with a work-life balance index of 170 compared to the national average of 152.

Executive Summary (2/3)

- **More sole traders are reporting that quarter-on-quarter income has either increased or stayed the same than we have observed in any other pulse. However, sole traders in Wellington do consider themselves to be worse off than those in other regions in NZ**
 - We have observed the highest proportion of sole traders reporting that income has either stayed about the same or increased over the past quarter since we started conducting the sole trader pulse with 77% of sole traders stating this. On average, no single group by profession or demographic reports that their turnover has gone down over the last quarter.
 - This also plays out into optimistic attitudes for the future, with those expecting their performance to improve outnumbering more pessimistic attitudes by more than two-to-one. Just one-in-eight (12%) expect their financial performance to worsen.
 - However, despite overall positivity, we do find sole traders in Wellington regard themselves as worse off than people in other areas, with 32% stating they believe that sole trading businesses in their region are likely worse-off than those elsewhere in NZ. The reduction in government spending on public service contractors are likely causing this result for the nation's capital.
- **Mortgage stress and expectations of a recession are slightly hampering the positive attitude among sole traders. Savings are also yet to improve in line with the more positive financial situation experienced by most sole traders**
 - Despite this security and optimism, it is worth noting that a quarter of sole traders report experiencing mortgage stress in the last few months. The economy also still seems to be a point of some uncertainty for sole traders. Just 11% believe the country will avoid recession in the next year, with around half believing it already is (or very recently has been) and most of the remainder seeing a recurrence in the near future.
 - The amount of income sole traders report putting aside for savings or investments has actually dropped in the last year (down from 14% to 13%). In addition to this, over a third say they have not recently saved or invested their income, with use of KiwiSaver, savings accounts, term deposits and even general accounts declining. We can derive from this that they simply have not had the disposable income due to the cost of living which still remains high.

Executive Summary (3/3)

- **The majority of sole traders do not believe that they are well understood by politicians, especially during critical moments such as setting up their sole trading business or hiring people**
 - As was the case in Australia, only a minority of sole traders believe that governments and politicians understand them well. The IRD and big business (customers and suppliers) are seen to understand sole traders slightly better.
 - The worst ratings are reserved for governments and politicians, with less than one in three (29%) believing that sole traders are well understood by national government departments and agencies and a staggering one in five (21%) believing that they are well understood by politicians.
 - Given those poor ratings, it is little surprise that less than half of all sole traders rate the politicians as helpful in critical moments, such as setting up their sole trading business (only 42% stated that the government was helpful), preparing a tax return (46%), running their sole trading business (38%), finding out what support is available (42%) and hiring people (29%).
- **Sole traders seem to be moving away from accountants to manage their tax. Accordingly, the average monthly cost managing their tax and financial admin has reduced over the past quarter, though time spent on this has increased. Those using Hnry save around 50% of the time and cost**
 - The methods used by sole traders to manage their financial and tax affairs have not changed significantly in the last quarter, though this does mean the drop we found in use of accountants post-EOFY (from 48% in March 2024 to 36% in July 2024) is confirmed in this pulse (34% in October 2024).
 - Time spent managing financial and tax affairs has lifted in this pulse in a way that it has not done around this time of year before at an average of 9 hours a week, while the average monthly cost of doing so has reduced (from \$572 in June 2024 to \$564 in October 2024). This is likely due to the reduction in sole traders using accountants and potentially using more self-service methods.