



Henry Sole Trader Pulse

October 2021

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Executive Summary



- There are ~**1.5 million sole traders** in Australia, growing at ~**50,000 per year** making it the fastest growing economic segment and contributing over **\$90B** per annum to Australia's GDP
- The **Henry Sole Trader Pulse** suggest sole traders across Australia are “**positive**” about their financial performance, economic and personal conditions. However, **poor pulse scores** for in **NSW** and **Victoria** reflect the challenging conditions lockdowns have created
- When analysing the pulse data over a set of a variety of lenses, multiple stories of two groups of sole traders appear. These lenses include:
 - **Locked-down vs. non locked-down states:** Only 23% of Victorian and 25% of NSW sole traders said the financial performance of their business was "good" or "very good" last year, lower than the national average of 31%, and much lower than the 52% of sole traders in South Australia and 66% in Tasmania
 - **Metro vs. regional based sole traders:** Of the surveyed participants, only 15% of regional and rural sole traders think the health of the economy is good right now, compared to the metro average of 27%. Regional sole traders are also much less bullish about the economy in 6 months time, with 32% predicting economic conditions to be "poor" or "very poor" vs 16% of sole traders in metros
 - **Younger vs. older sole traders:** Older sole traders believe their businesses are suffering more now than in the past, with 47% of sole traders over 55+ feeling their business is worse off in Xmas 2021 compared to 2019. Only 24% of young (17-34) sole traders feel the same
- **Mental health:** Sole traders who have had been financially impacted by COVID-19 are **8x more likely** to report "poor" mental health than those whose finances were better off. In total, only 12% of sole traders believe their business has done better since March 2020 compared to pre-COVID
- **Access to credit:** Accessing credit was much harder in lockdown affected states (such as NSW) compared to other states (including WA, SA, Tasmania, NT, ACT). **52% of NSW sole traders** who tried to access loan/credit found it "difficult" vs only 27% in the other states
- **The future is optimistic:** Sole traders have many speculations about the future yet there is a high degree of optimism that there will be a recovery from currently difficult economic conditions



How the Henry Sole Trader Pulse was conducted

An independent poll was conducted by Resolve Strategic™ between 1st – 7th October 2021, at the start of the new financial quarter.

- The survey polled 500 sole traders across Australia, 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 (using a personal ABN and 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 effects of COVID, the use and adequacy of government supports, and comfort with managing financial and tax affairs.

Sole traders are Australia's fastest growing segment



There are **1.5 million sole traders** in Australia, growing at **50,000 per year** making it the largest and fastest growing segment of the Australian economy



Sole Traders are a large and diverse group, comprising freelancers, contractors, tradies, gig workers and wellness professionals - **over 40%** of whom have **more than one job**



Sole traders **contribute over \$90B** to Australia's GDP¹ per annum

COVID has impacted some types of sole traders more than others. Issues around sole trader **mental health** are a focal point, as well as those tools and services (such as Henry) that help to ease that burden



Notes: (1) Based on the median earnings of owner managers of incorporated enterprises. Source: ABS: Counts of Australian Businesses, including Entries and Exits, June 2017 to June 2021, Characteristics of Employment, Australia, August 2020



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





Overview of Henry Sole Trader Pulse results

	Aust	NSW	Vic	Qld	WA	SA	Tas / ACT / NT
Overall Pulse	116	111	105	117	137	133	143
Past Financial Performance	101	89	95	104	120	135	123
Current/Future Financial Perf.	112	103	105	111	128	145	131
Economic Conditions	102	100	86	104	123	124	118
Personal Conditions	137	137	122	137	150	157	156

- The Henry Sole Trader Pulse suggest sole traders across Australia are “**positive**” about their financial performance, economic and personal conditions
- The **poor pulse scores** for financial performance and economic conditions in **NSW** and **Victoria** reflect the challenging conditions lockdowns have created
- The **strong scores** for **Personal Conditions** represent the benefits of flexibility that sole trading provides to millions of Australians who choose to earn independently

A tale of two Australias for Sole Traders

When analysing the pulse data over a set of a variety of lenses, multiple stories of two clear groups of sole traders appear. These lenses include:



Sole traders in
**locked-down
states**

Sole traders in
**non locked-
down states**



Metro
sole
traders

Regional
sole
traders



Sole traders
that are
younger

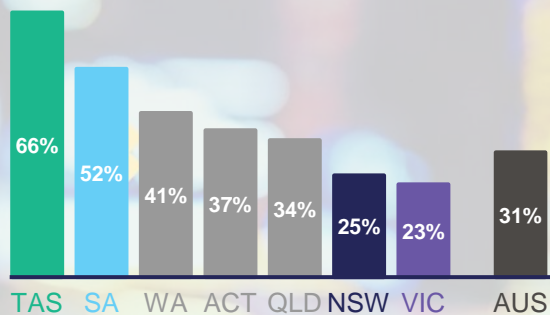
Sole traders
that are
older

A tale of two Australias for Sole Traders

Locked-down vs. non locked-down states

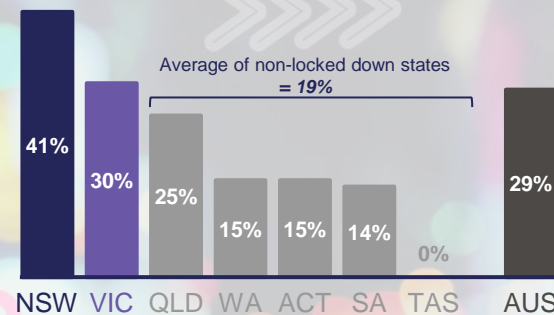


Sole trader positive sentiment¹



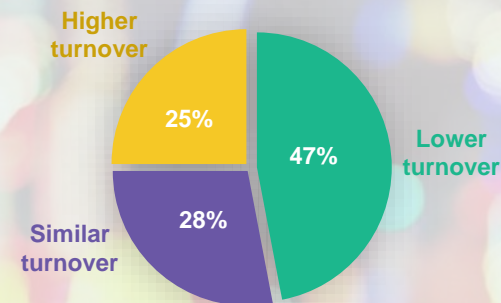
Only 23% of Victorian and 25% of NSW sole traders said the financial performance of their **business was "good" or "very good"** last year, lower than the national average of 31%, and much lower than the 52% of sole traders in South Australia and 66% in Tasmania

Sole trader negative sentiment¹



41% of NSW sole traders and 30% of Victorian sole traders rated the financial performance of their **business as "poor" or "very poor"** in the last quarter compared to National Average of 29% and non-locked down state average of 19%

NSW sole traders turnover impact



Almost half (47%) of sole traders in NSW **reported lower turnover in the Jul-Sep quarter relative to Apr-Jun**. Another 28% said it was about the same - so 3 out of 4 were either the same or worse off

Notes: (1) NT results omitted due to small sample size of survey respondents

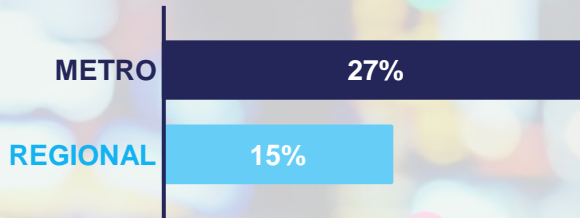
A tale of two Australias for Sole Traders

Metro vs. regional based sole traders



Optimism of current economy

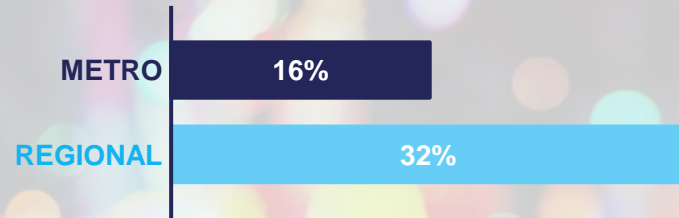
Proportion of sole traders that rated the health of the economy as "good" or "very good" right now



Of the surveyed participants, only 15% of regional and rural sole traders think the **health of the economy is good right now**, compared to the metro average of 27%

Concern for the economy in 6 months time

Proportion of sole traders that are predicting economic conditions to be "poor" or "very poor" in 6 months



Regional sole traders are **much less bullish about the economy in 6 months time**, with 32% predicting economic conditions to be "poor" or "very poor" vs 16% of sole traders in metros

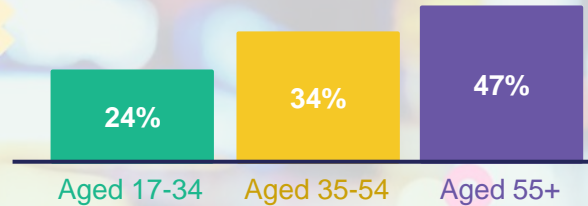
A tale of two Australias for Sole Traders

Younger vs. Older sole traders



Business performance

Proportion of sole traders who feel their business is worse off in Christmas 2021 compared to Christmas 2019



- Older sole traders believe their businesses are suffering more now than in the past
- 47% of sole traders over 55+ **feeling their business is worse off in Xmas 2021 compared to 2019**
- Only 24% of young (17-34) sole traders feel the same
- 67% of young (17-34) sole traders have more than one job, whilst only 35% of 55+ sole traders have more than one job, which may explain their confidence, given their ability to earn income from multiple sources



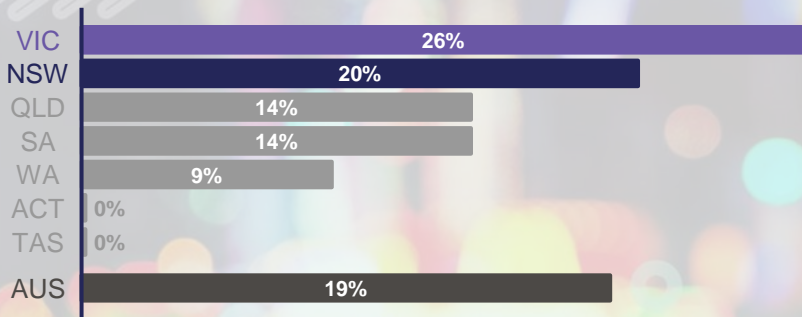
Mental health of Sole Traders

8x worse

Sole traders who have had been financially impacted by COVID-19 are **8x more likely to report "poor" mental health** than those whose finances were better off, with 31% of sole traders that had worse business performance from pre-COVID times rating their mental wellbeing as either "poor" or "very poor," compared with only 4% of those that had improved performance from pre-COVID times. In total, only 12% of sole traders believe their business has done better since March 2020 compared to pre-COVID

Impacts of COVID Lockdowns¹

Proportion of sole traders that rated mental health as 'poor' or 'very poor'



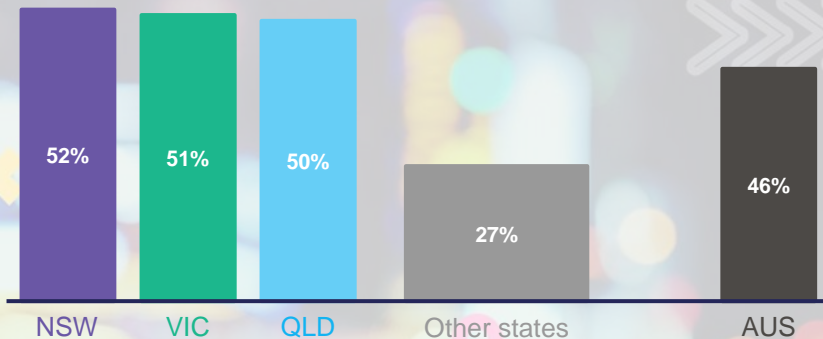
Victorian sole traders are reporting materially worse mental health issues - with 26% **rating their mental health as "poor" or "very poor"** relative to 10% of sole traders in non-locked down states (WA, SA, NT, Tas, ACT), 18% of sole traders in NSW and 14% of sole traders in QLD

Notes: (1) NT results omitted due to small sample size of survey respondents

Access to credit for Sole Traders

Difficulty in accessing credit

Proportion of sole traders that found it difficult to access loans / credit



Accessing credit was much harder in lockdown affected states

(such as NSW) compared to other states (including WA, SA, Tasmania, NT, ACT). 52% of NSW sole traders who tried to access loan/credit found it "difficult" vs only 27% in the other states

46%

Of the sole traders who tried to access loans or credit in the last year said **they found it difficult**



Optimism about the future

Sole traders have many speculations about the future...

"Business isn't 100% secure, as is always the case for any non-contract based employment (pandemic or not)"

"If things remain the way they are with my long-term clients then good – steady. If not, I will have to start pitching for new work and I imagine this will take a while so I'll have to live off savings"

"While things have definitely improved for me, there is STILL no work coming in from the entertainment and events sector, so things are a little uncertain"

"This lack of job security makes it difficult to plan for the future. While I've built up a lot of mental health resilience in recent months, it's always at the back of my mind that I could be out of work at any moment"

... yet there is a high degree of optimism that there will be a recovery from currently difficult economic situations

"I hope to get more clients now that the restrictions are lifting. I see the business growing and developing in other areas, like adding new services. It is a pick time for real estate so I want to take that opportunity and grow my business even more. My goal would be to work full time on this business in the next 6 months"

"So far it's been more promising. With lockdown coming to an end and the busy time into Christmas it should be good!"

"Thankfully things are looking a lot better, thanks to securing a client that has a lot of work going"

"My industry is back open again so it should be similar to normal if not maybe a little bit busier, since houses haven't been able to be listed now people can list them so there might be a bit of buildup of people that have been thinking about selling over the last year and a half"

"I'm hopeful that things will improve and start to open up again, which in turn will have a positive impact on the revenue and sales for my business. Keeping my fingers crossed"

"It's looking positive. It should get better as COVID vaccination milestones are met and people return to work/the office"

"I think over the next 6 months if things stay open, I'll be busier than ever which I'm very grateful for. I already have a list of clients to photograph once lockdown is over"

About Hnry



Pictured [L to R]: [Karan Anand](#) (Head of Australia), [James Fuller](#) (CEO) and [Claire Fuller](#) (COO)

Hnry was founded in 2016 with a mission make to self-employment simple, affordable and accessible for anyone, taking all the hassle and stress out of earning income independently.

Since then we have grown to become the largest and fastest growing accountancy service for sole traders across Australia and New Zealand, processing over \$360 million in customer payments annually. The Hnry team has quickly grown to 35 staff members split between Australia and New Zealand, dedicated to helping the region's sole traders focus on what they do best, whilst Hnry handles their tax and compliance.

Hnry automatically calculates and pays the exact right amount of tax for our customers whenever they get paid, and our expert accountants lodge their BAS and income tax returns whenever they are due. Hnry's revolutionary web and mobile app also allows sole traders to issue quotes and invoices, track deductions, make financial plans, and access reporting to ensure they're always on top of their business.

Contact us

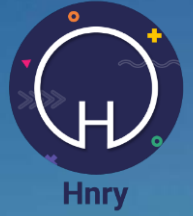
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