



# Henry Sole Trader Pulse

## New Zealand

October 2021

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# Executive Summary



- There are over 490,000 sole traders in New Zealand, **making them 17.9% of the working population**. 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
- The Henry Sole Trader Pulse suggest sole traders across New Zealand are **“positive” about their financial performance and personal conditions**, yet **“negative” about economic conditions**
- The strong scores for Personal Conditions represent **the benefits of flexibility that sole trading** provides to hundreds of thousands of New Zealanders who choose to earn independently
- When analysing the pulse data over a set of a variety of lenses, some insights are apparent around the impacts of COVID and lockdowns:
  - As the past year progressed, an **increasing proportion of businesses reported poor financial performance**. 62% of sole traders in NZ rated **business conditions and prospects to be worse than pre-covid times**
  - Currently, **Auckland has the highest proportion of sole traders reporting ‘poor’ or ‘very poor’ business conditions** at 46%, compared with only 28% of sole traders in Wellington and 30% of sole traders in other regions that said the same thing
  - Sole traders most impacted by lockdowns were the **ones that needing to engage directly with their customers**. 47% of tradies and gig economy workers said that the financial performance of their business over the last quarter (3-months) was either 'poor' or 'very poor', much higher than the national average of 35%
- Sole traders who have had been financially impacted by COVID-19 are over **4 times more likely to report "poor" mental health** than those whose finances were better off. Despite this, sole traders were still gaining satisfaction from their work, with, 85% rating their level of personal satisfaction in running their own business to be 'neutral' to 'very good'
- Almost half (42%) of sole traders accessed a loan or credit for their business in the past year. **A significant proportion (44%) that accessed credit said they found it difficult to do so**. However, 49% of sole traders reported that **Government COVID support was adequate**
- Sole traders are focused on recovery after a tough year but **are largely uncertain about the future due to the long-lasting impacts of COVID and lockdowns**. However, the **personal satisfaction from being self employed helps boost optimism**





# How the Henry Sole Trader Pulse was conducted

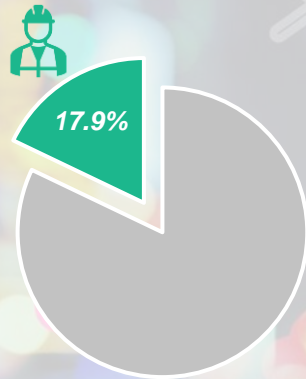
An independent poll was conducted by Resolve Strategic<sup>TM</sup> between 1st – 7th October 2021, at the start of the new financial quarter.

- 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 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 a significant part of the NZ economy



There are over **490,000 sole traders** in New Zealand, making them **17.9% of the working population**<sup>1</sup>



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**

COVID and lockdowns have 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 Hnry) that help to ease that burden



Notes: (1) Based on Trading Economics analysis <https://tradingeconomics.com/new-zealand/self-employed-total-percent-of-total-employed-wb-data.html>



# 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

	NZ	Auck.	Well.	Cant.	Others
Overall Pulse	108	111	105	117	137
Past Financial Performance	98	105	77	90	100
Current / Future Financial Perf.	105	99	103	107	110
Economic Conditions	87	88	80	101	84
Personal Conditions	129	127	144	137	124

- The Henry Sole Trader Pulse suggest sole traders across New Zealand are “**positive**” about their financial performance and personal conditions, yet “**negative**” about economic conditions
- The decline in **pulse scores** for financial performance and economic conditions in **Auckland over the past year** reflects the challenging conditions lockdowns have created
- The **strong scores for Personal Conditions** represent the benefits of flexibility that sole trading provides to hundreds of thousands of New Zealanders who choose to earn independently

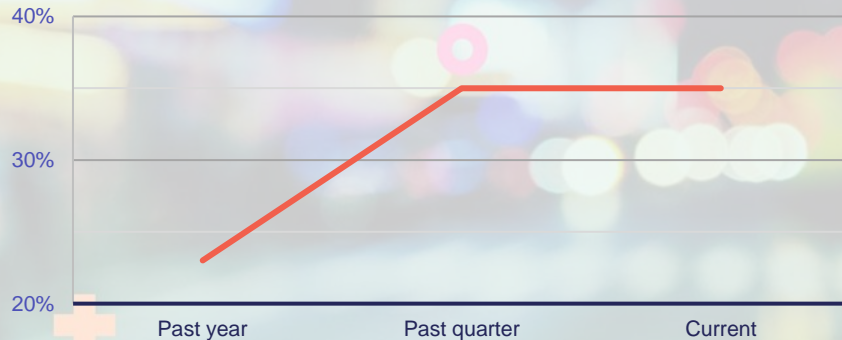


# Lockdown impacts on sole traders

## Financial performance: Past year

As the past year progressed, an increasing proportion of businesses reported poor financial performance. While 23% of sole traders rated the **financial performance of their business over the last year as 'poor' or 'very poor'**, this number **jumped to 35% over the past quarter** and has stayed the same for current circumstances

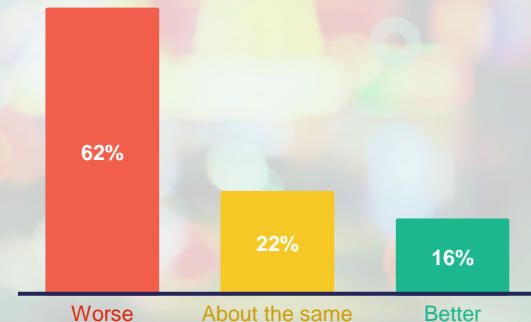
**Chart:** Proportion of sole traders that rated financial performance as 'poor' or 'very poor'



## Current business conditions

62% of sole traders in NZ rated **business conditions and prospects to be worse than pre-covid times**. Only 16% said that they though business conditions were better pre-COVID

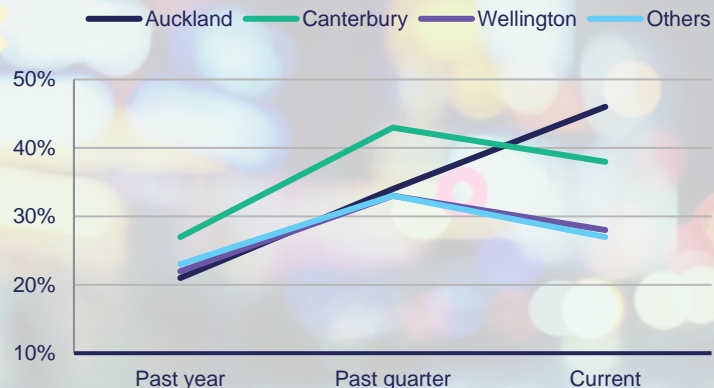
**Chart:** How sole traders rated current business conditions relative to pre-covid



# Lockdown impacts on sole traders

## Financial performance by region by horizon

Proportion of sole traders that rated financial performance as 'poor' or 'very poor' in the past year, past quarter and current



An increasing proportion of sole traders in Auckland are reporting poor financial performance over the past year, likely driven by the COVID lockdowns. The breadth of these are the independent earners that constitute a significant portion of the working population

Currently, **Auckland has the highest proportion of sole traders reporting 'poor' or 'very poor' business conditions at 46%**

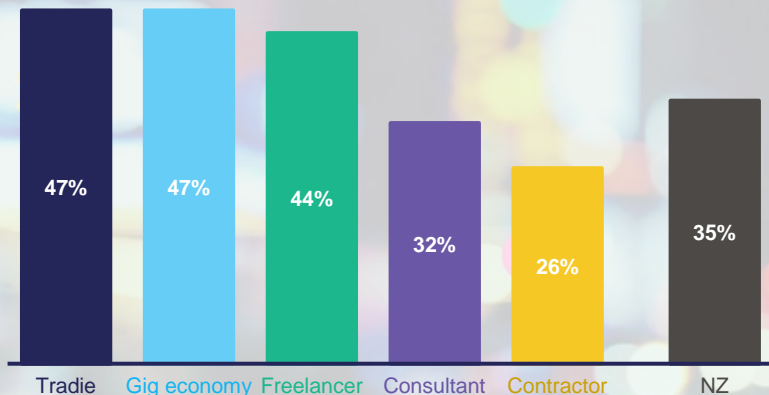
This compares with only 28% of sole traders in Wellington and 30% of sole traders in other regions that said the same thing



# Lockdown impacts on sole traders

## Financial performance by profession

Proportion of sole traders that rated financial performance as 'poor' or 'very poor' over the last quarter



- Sole traders most impacted by lockdowns were the ones that **needing to engage directly with their customers**
- While some (e.g. contractors and consultants) sole traders can easily work from home and continue as usual during lockdown, others like tradies, gig economy workers and freelancers often need to travel and work on location, and therefore are impacted the most by lockdowns
- 47% of tradies and gig economy workers said that the financial performance of their business over the last quarter (3-months) was either **'poor' or 'very poor'**, much higher than the national average of 35%

# Mental health of Sole Traders



Over 4x  
worse

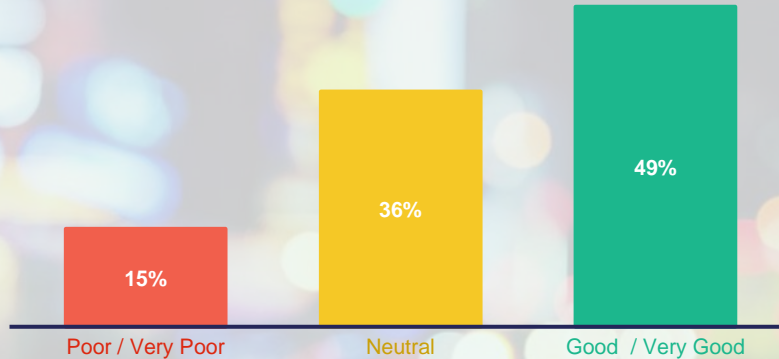
Sole traders who have had been financially impacted by COVID-19 are **over 4 times more likely to report "poor" mental health** than those whose finances were better off, with 40% of sole traders that reported poor financial performance rating their wellbeing as 'poor' or 'very poor' (including mental health issues like stress and anxiety), compared with only 9% of sole traders that reported good financial performance that rated wellbeing as 'poor' or 'very poor'

# Mental health of Sole Traders



## Personal satisfaction in being a sole trader

Personal satisfaction rating from sole traders in running their own business



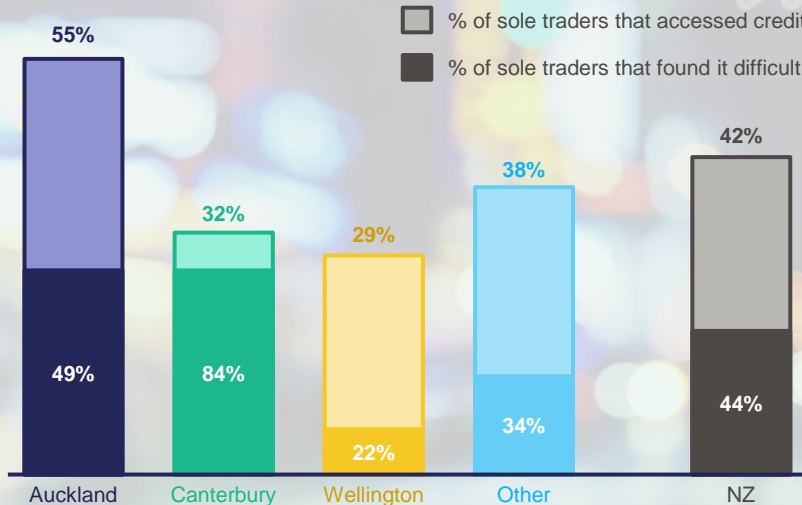
Despite the mental health impacts of poor financial performance, a significant proportion of sole traders were **still gaining satisfaction from their work**, with **85%** rating their level of personal satisfaction in running their own business to be **'neutral' to 'very good'** – a very significant figure in the face of economic hardship



# Access to credit and loans

## Difficulty in accessing credit

Proportion of sole traders that accessed credit and proportion that found it difficult to do so



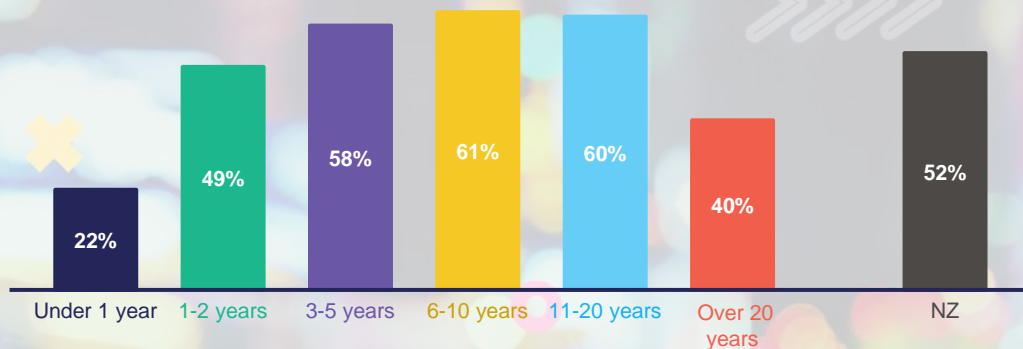
- Almost half (42%) of sole traders accessed a loan or credit for their business in the past year
- **Auckland had one of the highest rates of sole traders that tried to access loans or credit**, at 55%, compared with 32% in Canterbury and only 22% in Wellington.
- A significant proportion (44%) that accessed credit said they **found it difficult to do so**. 49% of sole traders that accessed a loan or credit in Auckland said they found it difficult to do so, while in Canterbury, this number was as high as 84%



# Government COVID Support

## Government support received

Proportion of sole traders that received government support by time spent working as a sole trader



Over half (52%) of sole traders nationally received government support in the last 18 months. Sole traders operating for less than one year were seen to secure less government support, likely driven by difficulty prove sufficient income history. Sole traders that had spent 6-10 years working as sole traders were the segment with the highest proportion that received government support, almost almost three times as much as the proportion of sole traders that had been established for less than a year

# 49%

Of sole traders reported that **Government COVID support was adequate**

# Optimism about the future



**Sole traders are focused on recovery after a tough year...**

*"We are reliant on overseas contracts and with Covid these have stopped for the moment"*

*"We have invested extensive resources and are in a position for positive growth"*

*"The lead up to Christmas is the best time of year for me and I'm hoping this year will be good too"*

*"I have had several contacts requesting design work recently and do not see that slowing"*

*"Coming into summer - more people having holidays – will be good for business "*

*"I have a contract for the next 6 months!"*

*"[Business will be good,] there is no reason to believe otherwise, providing we move out of Level 3 lockdown"*

**... but are largely uncertain about the future due to the long-lasting impacts of COVID and lockdowns**

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

*"[Business depends on] Covid restrictions- lockdowns, lack of tourists, locals with less money, less goods coming in, upcoming vaccine passport requirements are all impacting things"*

*"General market confidence seems to be low. People don't want to spend and hence want to save costs"*

*"There will be shortages of many imported items, and that will have a roll-on effect on NZ's economy."*

**However, the personal satisfaction from being self employed helps boost optimism**

*"The ability to be able to run my business as I could before lockdowns, I have learned more computer skills and internet skills to be able to contact clients instead of visiting them."*

*"Plenty of bookings for Christmas, one of our busiest times, as long as covid cooperates"*

*"My business is based on community well-being. There is a need for my expertise"*

*"[I have] a number work projects on the go and a positive outlook"*

*"Hopefully things will get better with Covid and we will be able to work more freely"*

*"More confidence in the market, more need for my services"*





# Comparison with Australian sole trader

	NZ	AU
Overall Pulse	108	116
Past Financial Performance	98	101
Current / Future Financial Perf.	105	112
Economic Conditions	87	102
Personal Conditions	129	137

An identical independent poll was conducted by Resolve Strategic™ in Australia between 1st – 7th October 2021, at the start of the new financial quarter. Comparing the pulse scores reveals insights across both countries:

- When compared to Australia, sole traders in New Zealand are **notably less positive about their financial performance and economic conditions**
- As with Australia, New Zealand sole traders are much more positive about their personal conditions, which, the data suggests, is due to a **high level of personal satisfaction in running their own business**

# About Hnry



*Pictured [L to R]: James Fuller (CEO) and Claire Fuller (COO)*

Founded in 2017, Hnry is an all-in-one digital accounting service that takes care of all the financial admin for contractors, freelancers, sole traders and the self-employed - allowing them to focus on getting the job done, rather than worrying about tax and compliance. Hnry provides a pay-as-you-go service, handling Invoicing, Expenses, Payments, Taxes and filings.

Hnry were a finalist for 'Hi-Tech Service of the Year' at the 2019 New Zealand Hi-Tech Awards, won 'Emerging Service of the Year' at the 2019 Wellington Gold Awards and won 'Supporting Gold' at the 2020 Wellington Gold Awards


## Contact us

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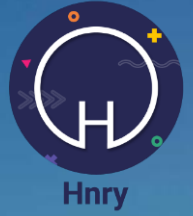
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