

LEGAL
AUSTRALIA

SALARY SURVEY 07/08

Michael Page
INTERNATIONAL

WELCOME

Welcome to the Michael Page Legal Salary Survey for 2007/2008.

The survey provides employers and candidates with useful insights into employment conditions, business confidence levels and recruitment trends. Our commentary is based on both quantitative and qualitative research and covers the New South Wales and Victorian markets across our key industry groups:

In-house

- Commerce & Industry
- Banking & Financial Services

Private Practice

- Top-tier
- Mid-tier

I wish to thank everyone who contributed to this year's survey and trust you find it helpful and informative. Your feedback is welcome and we encourage you to contact us for further information or specific market advice.



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INTRODUCTION

With steady economic growth over the last 15 years and an unemployment rate at its lowest point in three decades, the employment prospects for workers across the spectrum of professional services functions are bright. It is a job seeker's market and nowhere is this more evident than in the legal sector. Competition for strong candidates is already intense and the skills shortage is becoming more critical as lucrative opportunities overseas continue to fuel a mass exodus of local talent.

The competition for talent is one of the most pressing concerns for law firms in Australia and retention is made harder because overseas employers are luring young lawyers with lucrative offers. Overseas firms are becoming far more aggressive with their recruitment initiatives in Australia: representatives are conducting recruitment drives twice a year now, whereas historically this would usually occur once every two years.

Within the Australian market, the strongest demand from private law firms is for mid-level lawyers with specialist knowledge in corporate, banking and finance, fund management, mergers and acquisitions. The in-house market is also performing strongly as large corporates, particularly in areas such as finance, property and construction, continue to invest in their own legal teams rather than outsourcing to law firms.

The year ahead will be a bright one for legal professionals working in both private practice and in-house functions. To remain competitive in a tight labour market, employers will have to offer more in terms of base salaries, bonus options, career advancement and additional incentives such as flexible work arrangements and secondment opportunities.

NATIONAL EMPLOYMENT SURVEY

The National Employment Survey is conducted on an annual basis and measures employment conditions, business confidence levels and recruitment trends. The survey for 2007 was completed by 3,300 employers and 2,100 employees from a variety of industry sectors in Australia.

A selection of key findings is listed on this page and in graphical format throughout the publication. The complete body of research forms the quantitative component of the broader Salary Survey, with qualitative insight derived from our extensive involvement with employers and job seekers across Australia.

KEY FINDINGS FROM THIS STUDY:

Employer Trends

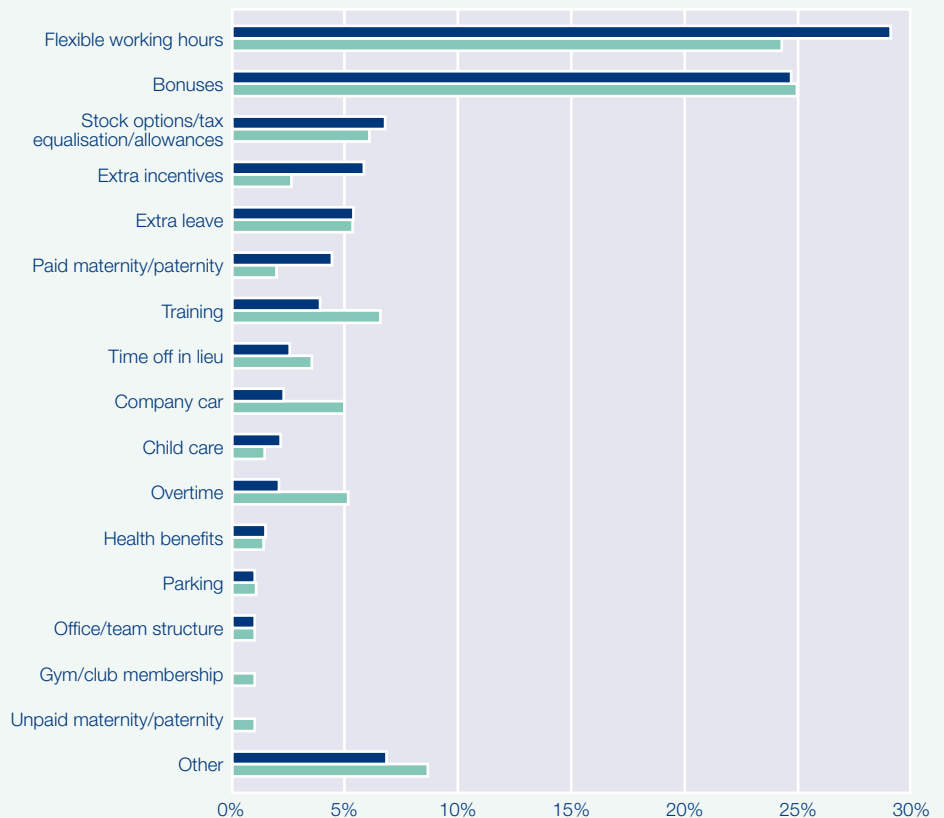
- 91% of employers surveyed predicted their staff numbers would remain constant or increase in the next 12 months.
- 28% of respondents listed organic growth as the main area of focus for the year ahead, followed by new projects at 23%.
- 41% of respondents experienced difficulty in retaining staff over the last 12 months.
- 87% of employers surveyed see staff retention as an important focus for the year ahead.
- Of the retention strategies adopted by employers, the top three were training and development, bonus schemes and flexible working arrangements.
- 76% of employers believed bonuses are important for retaining staff.
- In relation to the frequency of employee salary reviews, 86% of employers conducted them annually, with 6% conducting reviews on a six-monthly basis.

Employee Trends

- When asked to nominate the main reason for their last job change, 29% of respondents cited career advancement. Only 9% cited more money as the primary motivator.
- 33% of respondents expected their next salary increase to be between 6% and 10%.
- Bonuses were part of the employment contract of 36% of respondents. Bonuses were discretionary for 56% of respondents and a fixed percentage of base salary for the remainder.
- 48% of respondents believed they were being rewarded appropriately for their work, with only 10% reporting rewards well below expectations.
- Flexible working hours was the favoured incentive by 29% of respondents, followed by bonuses at 25%.
- 35% of respondents rated their employer's training and career development opportunities as average, 26% as good and 18% as poor.
- 56% of respondents have worked overseas, and of those 75% would consider doing it again.

ACTUAL INCENTIVES VS PREFERRED INCENTIVES

There was alignment between the incentives employees wanted and those that their employers were providing. Flexible working options and bonuses were the preferred incentives.



COMMERCE & INDUSTRY

MARKET OVERVIEW

The in-house legal market is booming as organisations expand their internal legal capabilities to accommodate upcoming projects and initiatives. As a consequence of positive economic and business conditions, many organisations are committing to long-term growth plans that require legal advice in relation to various projects. There is increased recognition of the associated cost efficiencies in having an in-house legal capacity, as opposed to dealing with external legal firms on a regular basis.

While there are high levels of demand for in-house lawyers across Australia, Perth and Brisbane are particular stand-outs offering lucrative opportunities for lawyers with experience in the resources sector.

A major challenge for employers is coping with the shortage of lawyers with 2–5 years PQE, many of whom have left Australia to pursue opportunities in locations such as the UK, Asia,

USA and Middle East. To remain competitive in a global employment market, Australian companies need to consider strategies such as sign-on bonuses, as well as non-financial benefits and incentives. In terms of retention, it is crucial that employers recognise their high achievers and clearly communicate a genuine commitment to career advancement.

EMPLOYMENT FORECAST

Employment conditions will remain favourable for job seekers because of the tight labour market on both a domestic and global level. Employers are being forced to increase the financial and other incentives on offer to attract and retain legal professionals.

Our prediction is for a 5–10% base salary increase in the next 12 months in response to the current labour market. In addition to base salary increases, we anticipate employers will offer bonuses of between 15–20% of the total remuneration package. These bonuses will be performance-based rather than guaranteed.

PERMANENT EMPLOYMENT

- A marked candidate shortage in the 2–5 years PQE level due to the significant movement of professionals overseas.
- High demand for candidates with commercial contracts experience as well as exposure to the IT and telecommunications industries.
- Fewer opportunities at 8–9 years PQE because of limited movement at the senior end of the market.

CONTRACT EMPLOYMENT

- The majority of contracts are longer term, between 6–18 months and typically cover maternity leave and project work.
- Majority of contracts are occurring in the IT and telecommunications industries as they tend to have more project-based work.
- Strong demand for IT and intellectual property lawyers.

STATE TRENDS

- In NSW, employment opportunities for lawyers to increase in the energy, telecommunications and manufacturing industries.
- In VIC, there is strong growth in IT, telecommunications and retail with bonus increases up to 20% for areas such as compliance.

COMMERCE & INDUSTRY SALARY TABLE

State	NSW	VIC	NSW	VIC
Size of company	Small/Med	Small/Med	Top 200	Top 200
Salary	\$'000	\$'000	\$'000	\$'000
GENERAL COUNSEL				
IT/Telcos	150–200	150–180	250–350+	230–320+
Retail/Distribution	170–250	160–230	250–350+	220–350+
Commercial Services	160–220	150–220	200–275+	200–270+
Manufacturing	160–220	150–220	180–300+	180–300+
Energy/Resources	170–270	160–260	240–350+	250–350+
Property/Construction	180–220	170–220	250–350+	200–350+
Public Sector	130–160	120–150	160–250+	140–250+

COMMERCE & INDUSTRY SALARY TABLE

State	NSW	VIC	NSW	VIC	NSW	VIC	NSW	VIC
Experience	0–2 Years	0–2 Years	2–5 Years	2–5 Years	6–10 Years	6–10 Years	10+ Years	10+ Years
Salary	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CORPORATE COUNSEL								
IT/Telcos	60–100	60–90	85–145	80–140	150–200	140–200	140–250+	130–250+
Retail/Distribution	60–90	60–85	80–140	80–135	120–200	120–200	130–200+	130–200+
Commercial Services	60–90	60–85	80–130	80–120	105–190	100–180	120–160+	120–160+
Manufacturing	60–90	60–85	80–130	80–120	130–200	120–180	120–160+	120–160+
Energy/Resources	70–100	70–90	80–150	80–140	140–200	130–200	140–180+	130–180+
Property/Construction	70–100	70–90	80–150	80–140	140–200	130–200	150–170+	140–170+
Public Sector	50–68	45–65	80–110	70–100	100–120+	100–130+	100–160+	90–150+

Notes:
Figures indicated are cash component plus superannuation, excluding other benefits.

BANKING & FINANCIAL SERVICES

MARKET OVERVIEW

The banking and financial services sector continues to perform very strongly. More deals, more products and more investment all translate into increased opportunities for lawyers in this sector.

Outsourcing is becoming less prevalent as banks and financial organisations choose instead to expand their in-house legal teams. This is driving high levels of employment growth across the sector, with particular demand for lawyers who have experience in investment, fund management and insurance.

Operational compliance is a key area of growth with the expectation that legal professionals not only analyse and interpret regulatory

changes, but also play a significant role in communicating and implementing these changes across the business.

We are seeing a high number of mid-level lawyers in the finance sector leaving Australia for opportunities overseas. London-based banks in particular have been very successful in luring talent to the detriment of banking institutions in Australia.

EMPLOYMENT FORECAST

Our prediction is that the skills crisis will deepen in the next 12 months and this will place upwards pressure on salaries. In NSW, salaries will increase by 5–8% as a standard with harder to find skill sets commanding a higher increase of 7–10%. In VIC, we anticipate average increases of 8–12% which may extend to 15–20% for skills in compliance.

PERMANENT EMPLOYMENT

- Pronounced activity in investment banking, capital markets and retail.
- Strong demand for fund management lawyers, derivatives lawyers and more recently compliance specialists.
- Exodus of lawyers overseas has resulted in a critical shortage of lawyers at the 2–5 year PQE level.

CONTRACT EMPLOYMENT

- Seasonal contracting opportunities in the financial markets for derivatives, capital markets, banking, insurance and compliance lawyers.
- Project work, maternity and long service leave remain the key factors for contract roles.

BANKING & FINANCIAL SERVICES SALARY TABLE

State	NSW	VIC	NSW	VIC	NSW	VIC	NSW	VIC
Experience	0–2 Years	0–2 Years	2–5 Years	2–5 Years	5–10 Years	5–10 Years	10+ Years	10+ Years
Salary	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
IN-HOUSE COUNSEL								
Insurance	60–82	60–80	75–135	75–130	115–185	110–180	130–220	130–210
Funds Management	70–95	70–95	90–150	90–150	135–220	130–200	160–250	150–250
Retail Banking	60–90	60–85	85–140	80–130	120–200	120–190	150–250	140–250
Investment Banking	80–100	80–95	90–150	90–150	140–220	130–220	180–250	160–250

BANKING & FINANCIAL SERVICES SALARY TABLE

State	NSW	VIC
Salary	\$'000	\$'000
GENERAL COUNSEL		
Insurance	230+	220+
Funds Management	260+	250+
Retail Banking	260+	250+
Investment Banking	300+	300+
COMPLIANCE		
Compliance Analyst	60–90	70–85
Compliance Manager	80–140	80–140
Senior Compliance Manager	130–180	120–170
Head of Compliance	160–300	160–300

Notes:

Figures indicated are cash component plus superannuation, excluding other benefits. Due to the wide variation of remuneration structures within financial institutions the salary levels included are averages only.

COMMERCE & INDUSTRY AND BANKING & FINANCIAL SERVICES SALARY TABLE

Experience	0–2 Years	2–5 Years	5–10 Years	10+ Years
Salary	\$'000	\$'000	\$'000	\$'000
COMPANY SECRETARY				
ASX 100	–	90–145	140–225	225+
ASX Listed	–	85–135	135–200	200+
Large Pty	–	85–130	130–175	175+
Pty Ltd	–	75–120	120–150	150+
ASSISTANT COMPANY SECRETARY				
ASX 100	60–90	90–120	120–160	160+
ASX Listed	50–85	85–100	100–125	125+
Large Pty	50–85	85–100	100–125	125+
Pty Ltd	50–75	75–95	95–120	120+

PRIVATE PRACTICE

MARKET OVERVIEW

Private practice is suffering severe labour shortages as increasing numbers of lawyers are moving overseas or to in-house roles. Skills shortages are most critical in corporate, financial services, property, mergers and acquisitions.

At the 2–5 year PQE level in particular, the skills crisis is intensifying because lawyers are pursuing career opportunities in locations such as the UK, Middle East, Asia and USA. Hot spots like Dubai are experiencing tremendous growth in areas such as construction and property development. There is a strong dependency on foreign lawyers to help facilitate this growth and Australia is firmly on the international recruitment radar.

The resulting shortage of mid-level lawyers is being compounded by the flow of candidates to in-house positions. Lawyers at this level are moving in-house largely because of their frustrations regarding limited opportunities for career progression in the larger firms. Other motivators include reduced administrative requirements and diversity of work.

Similarly, major firms in Australia are also casting their recruitment nets further with targeted campaigns in locations such as London. While there have been successes in attracting legal professionals to Australia, at this stage the exodus far outweighs any influx.

At the junior level, the situation in Australia is more positive with a consistent stream of graduates entering private practice. The majority of legal graduates turn first to private practice due to the structured learning experience on offer.

EMPLOYMENT FORECAST

Our forecast is that employment growth will continue for the year ahead and this will place inflationary pressure on salary levels. Unlike the in-house market, increases for private practice will typically relate to the base pay rather than bonuses.

Salary increases of around 5–8% can be expected, particularly in top tier firms for corporate, banking and finance lawyers. In VIC, hard to find skill sets will command increases of 10–15%.

PRIVATE PRACTICE SALARY TABLE

State	NSW	VIC	NSW	VIC
Size of Company	Medium Firm	Medium Firm	Top-tier	Top-tier
Salary	\$'000	\$'000	\$'000	\$'000
YEARS SINCE ADMISSION				
Graduate Lawyer	48–65	45–60	58–66	55–65
1st year PQE	50–83	50–75	60–82	57–80
2nd year PQE	60–85	60–80	70–96	70–95
3rd year PQE	70–120	65–115	75–115	75–100
4th year PQE	75–130	75–120	85–130	82–120
5th year PQE	86–140	82–135	110–160	90–150
5–10 years PQE	100–160+	90–150+	120–240+	110–230+
Special Counsel	140+	140+	160+	160+

Notes:
 Figures indicated are cash component only, excluding superannuation and other benefits however, some firms do remunerate on a package basis.

PERMANENT EMPLOYMENT

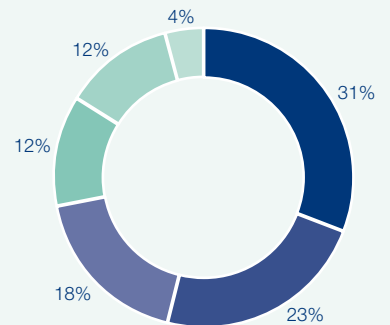
- Severe shortage of mid-level lawyers because many are leaving Australia for overseas opportunities.
- High levels of employment activity due to the ability of law firms to recoup their costs, thus avoiding hiring freezes.
- Strong demand for skills in corporate, IT and banking.

CONTRACT EMPLOYMENT

- Contracting is not a mature market in private practice due to the nature of the work, which demands developed client relationships and background knowledge of businesses. However, law firms are now being forced to consider contracting as a means to combat the skills shortage.
- There are opportunities in corporate and banking law and litigation, as well as long-term contracts of 12–18 months in property and construction.

WHAT ARE THE MAIN REASONS YOU WOULD WORK OVERSEAS?

More than half of the survey respondents have worked overseas. Of those, 75% would consider working overseas again. Career advancement was the main motivator for the move to another country.



- 31% – Career advancement/experience
- 23% – Lifestyle/cultural change
- 18% – Travel opportunities
- 12% – More money
- 12% – None – I wouldn't consider
- 4% – Other – please specify

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