



Legal Salary Survey

Private Practice | In-house | Compliance

Michael Page

LEGAL

Welcome

Michael Page Legal is a leading specialist recruitment consultancy in Australia, Asia, Europe and the United Kingdom. We are part of Michael Page International, a global specialist recruitment consultancy, with over 100 offices and 2,000 staff across 16 countries around the world.

This comprehensive salary survey provides a detailed insight into salaries, remuneration packages and recruitment trends across the legal profession specifically, as well as more generally across our other disciplines. Our data has been gathered from our extensive market exposure and client surveys across in-house, government and private practice along with an analysis of placements over the last 12 months.

The 2004 Legal Salary Survey provides a detailed insight into our key industry groups across both the Sydney and Melbourne markets, including:

Private Practice

- Top Tier
- Mid Tier

In-house

- Commerce & Industry
- Financial Services
- Compliance
- Public Sector

In this survey we have also included the latest information on salaries and market trends for those interested in the United Kingdom and Hong Kong. We feel this information is useful in terms of understanding how Australia sits in the international landscape.

This survey is a tool designed to assist employers and employees and should be used as a guide only. However, if you require any specific or personalised salary advice, do not hesitate to contact us.

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Introduction

The Australian legal job market has strengthened during the first quarter of 2004. Improved business confidence and the lifting of headcount restrictions has seen recruitment activity escalate across Private Practice, Commerce & Industry and Banking & Financial Services.

There has been a pronounced increase in the demand for Private Practice lawyers in the junior and mid-level market. We anticipate this trend will strengthen during the remainder of 2004 and incorporate increased activity in the senior market.

Within Commerce & Industry, there has been marked improvement in recruitment activity across sectors that include manufacturing, IT, retail and resources, minerals and mining. The contracting market has also improved in response to new business initiatives and increased work-flow.

The Banking & Financial Services sector has also experienced a positive start to 2004, with the most pronounced growth evident in investment banking. We predict the demand for candidates with superannuation and funds management experience will escalate throughout the year.

The positive start to 2004 was made possible by an Australian market that remained resilient despite the global fluctuations of 2003. For the remainder of 2004, we predict an increasingly buoyant economy and pronounced increase in recruitment activity. Salary levels will rise in response to increasing demand for quality professionals in a candidate short market.

Interstate Salaries:

The salaries quoted in this survey reflect the NSW and VIC employment market as these are representative of our core business centres. However, as a general guide for other states:

- QLD – 10% less than VIC salaries
- WA – 10% less than VIC salaries
- ACT – 15% less than VIC salaries

General Trends



- 43% – 2% to 5%
- 32% – 6% to 10%
- 12% – 11% to 25%
- 10% – Less than 2%
- 3% – Greater than 25%

Expected Percentage Salary Increase – All Disciplines

75% of respondents indicated that they expected an increase of between 2% and 10%. 10% of respondents indicated that they were expecting a salary increase of less than 2%, while 3% of respondents were expecting a salary increase of greater than 25%.

2004 Trends across Michael Page

Australia

- Placements up 12% – moderate indicator for the following months.
- Permanent and contracting jobs increasing.
- Brisbane office opened in January 2004. Early days yet but looking strong and set for an interesting year, with lots of activity on the candidate front.
- Retention rates dropping as candidates feel more confident and the likelihood of making a change increases.

Asia Pacific Region

- First half of the year has seen significant growth.
- March best month since September 2000.
- Record earnings for Japan, Shanghai and Hong Kong.
- Overall recruitment up 25% ahead of last year, excellent foundation and indication on the market for the second half of 2004.

National Candidate Survey

The Michael Page Employee Activities and Attitudes Survey looks at the current job seeking activities of 10,000 candidates across all disciplines of Michael Page, as well as determining their outlook on their current employment conditions.

There are two key aspects to this survey. Employers are able to gauge the latest attitudes towards job seeking activities, as well as what is influencing employees' future career decisions. Employees are able to gain an insight into the conditions within their chosen industry.

For the most part, candidates surveyed expressed satisfaction with their current employer and the conditions offered in their present position.

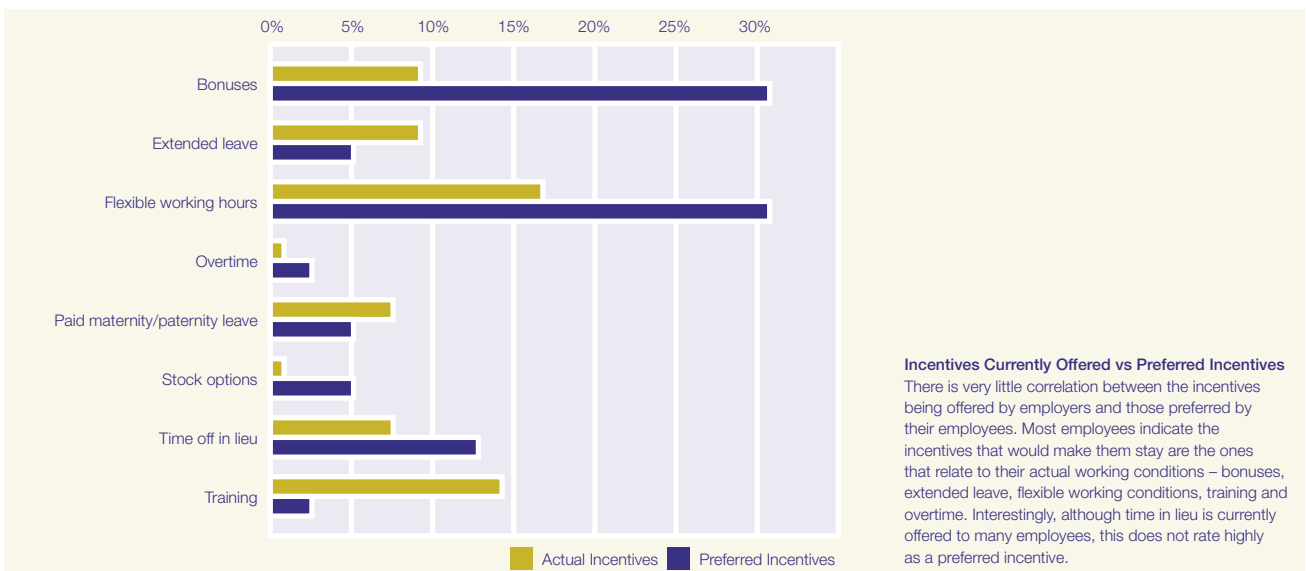
One of the most significant findings of this study related to the actual benefits and incentives offered to employees, compared to their desired benefits and incentives. Although many companies offered incentives such as team functions, parking and training, the incentives that were likely to encourage people to stay in a position related to the actual working conditions, including bonuses, extended leave and flexible working conditions.

Key points for employers are:

- 68% of respondents felt their last pay increase was a fair increase.
- 75% of respondents anticipating their next pay increase to be between 2% and 10%.
- 53% of employees felt that their hard work and loyalty was rewarded.
- 37% of employees rated their training and development opportunities as good to excellent.
- 45% of candidates indicated that their performance measures and goals were clearly outlined in writing, with a further 22% stating their performance measures were discussed and outlined verbally.

Key findings from this research are:

- Less than half employers offer bonuses as part of their salary package and 22% offer this as a percentage of the base salary.
- Where bonuses are paid as a percentage of base salary, 71% of employers offer less than 10% of the base salary as bonus.
- Bonuses are most commonly paid in the sales and marketing sector and least likely to be paid to people in the legal profession.
- The main source of jobs are through friends or a recruitment agency.



Private Practice

Market Overview

With limited employment opportunities in an uncertain economic environment, turnover rates in law firms remained tight during 2003. This trend has shown signs of reversal during the first quarter of 2004, with steady recruitment activity in what is traditionally a quiet time of year. We predict recruitment activity will continue to strengthen throughout 2004, particularly in the corporate and finance fields at the 2–5 year PQE level.

In conjunction with a strengthening domestic market, demand from United Kingdom firms for qualified Australian lawyers has increased significantly with consistent advertising campaigns based in Australia. This is escalating the requirement for quality candidates through increased competition between Top Tier Australian firms and firms based in the United Kingdom.

Permanent

Recruitment activity remained static at all levels during 2003, with the exception of an increased demand for property and litigation lawyers. Early indicators in 2004 reveal that due to improved business confidence lawyers who have been sitting tight over the past few years are more open to making a move. As a consequence there is increased activity as firms seek to attract quality candidates and others are forced to make replacements.

Since the beginning of 2004 there has been a marked improvement in the junior and mid-level market with increased demand for lawyers with 2–5 years PQE. The strongest demands are being seen across tax, general banking and finance, funds management, superannuation, capital markets, ISDA documentation, derivatives, IT/IP, general commercial and commercial litigation.

We anticipate the demand for mid-level lawyers will continue to increase throughout the remainder of 2004, and this trend will lead to more competitive and varied job opportunities. As quality candidates become scarcer, firms will no longer be in a position to wait for an exact fit in terms of skills and sector experience.

While there has been a definite improvement in the junior market, opportunities at this level remain limited due to the internal promotion of articled clerks and graduate lawyers. At the senior end of the market (6+ years PQE) there is a surplus of senior associates just below partner level, as well as a number of impressive senior candidates with 10+ years experience, however the number of roles at this end remains light.

Although slow to respond during the first quarter of 2004, we anticipate the junior and senior markets to improve as a follow on from increased mid-market activity and a general improvement in business confidence.

Contracting

Law firms traditionally prefer to recruit on a permanent rather than contract basis. While this preference remains in today's market, we have been able to demonstrate the value of hiring experienced lawyers to assist with major projects or maternity leave cover. Over the last 12 months we have placed a number of candidates in short-term contracts in the areas of commercial property, insurance, financial services, construction, estate planning,



family law and in the litigation field where firms require assistance with large cases.

Salaries

2003

- Remained at a conservative with 5–6% increases.

2004

- Estimate average increase around 8%.
- This still remains well below the boom period of 2000–2001 where average increases reached 15%.

Private Practice salary table 2004

Years Since Admission	Large Firm \$'000 p.a.*	
	NSW	VIC
FIRST TIER		
Graduate Lawyer	48–58	Articled Clerk – 45–54
2003 – 1 Years PQE	55–70	52–65
2002 – 2 Years PQE	63–84	65–82
2001 – 3 Years PQE	74–105	75–92
2000 – 4 Years PQE	86–120	80–100
1999 – 5 Years PQE	95–144	95–140
1998 – 6 Years PQE	115–180	95–150
Senior Associate	120–200	105–220
Special Counsel	160+	120–250+
MID TIER		
Graduate Lawyer	44–56	Articled Clerk – 40–48
2003 – 1 Years PQE	50–69	48–60
2002 – 2 Years PQE	59–84	58–80
2001 – 3 Years PQE	71–96	68–90
2000 – 4 Years PQE	78–114	75–95
1999 – 5 Years PQE	86–124	80–110
1998 – 6 Years PQE	101–152	85–120
Senior Associate	115–170	85–160
Special Counsel	140+	85–150+

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

Commerce, Industry & Public Sector

Market Overview

Recruitment activity during 2003 was stagnant as a consequence of severe budgetary restrictions and headcount freezes. Any recruitment that did occur was typically for replacement rather than growth.

Early indications in 2004 are far more positive. Contracting opportunities are improving as projects that were on hold due to budgetary constraints are re-activated. Permanent recruitment is also increasing as a consequence of improved business confidence and the lifting of headcount restrictions.

We anticipate the level of permanent recruitment to continue to grow as a result of the economic upturn. Companies typically invest in revenue generating roles initially with cost centres such as in-house legal teams as a secondary priority. For this reason the strong turnaround seen in private practice will only become evident in the in-house legal field later in the year.

Across the Public Sector the average increase in salaries in 2003 was 4% with the majority of roles recruited being contract positions. We have also seen movement towards incorporating bonuses within remuneration packages in this sector.

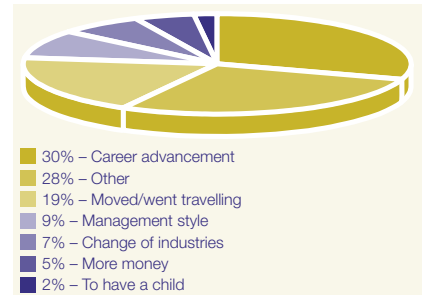
Permanent

There has been a marked improvement in activity levels with strongest demand at the mid-level of the market amongst multinational brands. There has been a pronounced increase in recruitment activity across sectors that include manufacturing, retail and resources, minerals and mining, pharmaceuticals and IT.

Not surprisingly, the main area that is seeing a decline in activity is the property market. Higher interest rates and the resulting withdrawal of investors has led to market deflation and this signals the end of the boom witnessed over the last few years. This trend has had the strongest impact on the recruitment of lawyers at the 3-6 years PQE.

Contracting

2004 has seen a marked improvement in contracting opportunities as companies lift headcount restrictions and initiate new projects. Contractors are being brought on board to assist with the resulting increase in workflow, as well as holiday and maternity leave cover. We anticipate the requirement for contractors to remain strong over the coming months as companies continue to favour contractors as a low risk alternative to permanent hires.



Main Reason for Last Job Change

People were most influenced by factors external to their current position when making a job change – with career advancement being the most prevalent reason for a change in position.

Salaries

2003

- Generally conservative across the board with average increases around 5%.

2004

- Larger companies expected to reach an average of 6%.
- Small to medium companies anticipate an average of 8%
- Public Sector average closer to 4%.

Commerce, Industry & Public Sector salary table 2004

Experience	0-2 Years		3-5 Years		6-10 Years		10 Years +	
	NSW	VIC	NSW	VIC	NSW	VIC	NSW	VIC
CORPORATE COUNSEL								
IT/Telcos	55-78	50-78	65-137	65-130	120-200	100-180	160+	125-250
Retail/Distribution	50-60	50-72	70-125	70-130	105-170	110-160	140+	130-200
Commercial Services	52-70	45-67	65-110	65-105	100-150	90-140	130+	120-160
Manufacturing	50-62	45-67	60-110	60-110	100-150	100-140	130+	120-160
Energy/Resources	50-70	45-67	70-135	60-100	120-180	90-125	150+	100-140
Property & Construction	50-60	45-67	70-110	65-105	100-150	90-140	150+	120-160
Public Sector	36-43	40-60	42-60	45-70	60-80	60-90	80-90	80-110

Commerce, Industry & Public Sector salary table 2004

	NSW		VIC	
	sm-med	Top 200	sm-med	Top 200
GENERAL COUNSEL				
IT/Telcos	140-220	250-350	140-200	220-300
Retail/Distribution	150-200	180-200	150-220	200-250
Commercial Services	140-180	200-275	150-220	200-250
Manufacturing	130-170	180-300	150-220	180-250
Energy/Resources	175-225	240-300	200-260	250-300
Property & Construction	180-200	250-350	150-220	200-250
Public Sector	100-125	120-150	100-120	120-150

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

Banking & Financial Services

Market Overview

During 2003 the Financial Services sector experienced pronounced headcount freezes and in some cases considerable reductions as a result of budget constraints. As a consequence we saw a number of in-house legal departments contract in size, with recruitment activity directed at replacement rather than growth.

In contrast, activity for the first quarter of 2004 has been far more positive. A marked improvement in business confidence has led to an increase in private practice lawyers working on secondment with their clients. We are anticipating that a continued recovery into the second half of 2004 should see these roles become full time. The most remarkable area of recruitment this year has been investment banking with a particular focus on initial public offerings (IPO).

Our prediction for the remainder of the year is that there will continue to be a strong demand for superannuation and funds management experience with a focus on 2-5 years PQE. As the market improves there will be a shift to the candidate driven markets witnessed in 2000. If history repeats itself, a new battle for talent should result in an inevitable rise in lawyer salaries.

Salaries – Banking & Finance 2003

- Remained flat with little or no increase.
- Within Financial Services sector the variable bonus element of salary packages diminished significantly but is still an attractive benefit for lawyers.

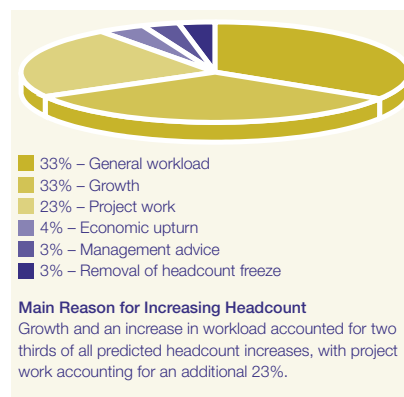
2004

- Anticipating a steady increase in competition for quality candidates.
- This will drive average salary increases to 15% for investment banks.
- Financial Services should see an average increase of around 5%

Compliance

Demand for skilled compliance professionals and lawyers wanting to switch to compliance escalated throughout 2003 and this trend has continued into 2004. There has been strong activity at both junior and senior levels with the major demand occurring at the compliance manager level in Victoria, whereas New South Wales is seeing more demand for compliance officers. Market conditions indicate further demand as changes in SIS come through and ongoing FSR issues are addressed.

Leading recruitment areas include FSR, superannuation, funds management and equities. Equities compliance professionals are in short supply and strengthening demand is forcing salary levels upwards.



Salaries – Compliance 2003

- Strong demand saw salary increases across the board.

2004

- Continuing demand has maintained healthy pay increases.
- Areas that have seen growth are superannuation-funds management and equities with increases as high as 20%.
- Higher increases to retain specialist skills.
- Contracting rates have also increased significantly when skill sets are more in demand.

Banking & Financial Services salary table 2004

Experience	0-2 Years		3-5 Years		6-10 Years		10 Years +	
	NSW	VIC	NSW	VIC	NSW	VIC	NSW	VIC
IN-HOUSE COUNSEL								
Insurance	45-72	45-70	60-110	60-100	100-155	80-140	140-250	100-200
Funds Management	50-75	50-75	75-120	75-120	105-195	100-180	140-250	140-250
Retail Banking	45-72	45-75	65-110	65-110	100-165	90-160	140-250	130-250
Investment Banking	55-83	55-80	70-140	70-130	120-220	110-200	160-250	140-250

Banking & Financial Services salary table 2004

	NSW		VIC	
	GENERAL COUNSEL			
Insurance	200+	200+		
Funds Management	220+	250+		
Retail Banking	300+	300+		
Investment Banking	275+	250+		
			COMPLIANCE	
			0-2 years	60-80 60-70
			3-5 years	70-110 65-90
			Manager	100-180 110-150
			HOC	160-300 200+

* 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.

Global Trends

Hong Kong

Market Overview

In Hong Kong we have witnessed a marked movement of legal work into Mainland China with most of the large US and UK firms now running satellite offices in Shanghai and/or Beijing. This has further fuelled demand for lawyers with Chinese language skills (spoken and written) to be based in Hong Kong and Mainland China. Candidates with Mainland China experience combined with exposure to Europe, US or Australia are most highly regarded. Indeed, firms and corporates have had the luxury of 'cherry picking' the very best candidates, something unheard of three years ago.

Private Practice

Recruitment has remained conservative in private practice for the past 18 months, and even lawyers leaving through natural

attrition in many instances have not been replaced. The majority of firms have seen salary bandings come back a little, particularly for newly qualified lawyers, with lawyers only receiving a marginal increase in salary when moving into the next band.

Commerce & Industry

In-house teams have remained very stable with limited movement, particularly at the more senior end of the in-house market. Budgetary and headcount restrictions have also led to an increase in the use of secondees, paralegals or junior lawyers. In-house roles still prove to be a popular choice for candidates despite salaries being on average 10–20% less than salaries paid to their colleagues in international law firms. Salaries have also stagnated in in-house teams with bonuses tied closely to overall company performance.

Hong Kong salary table 2004

Monthly Salary (HK\$'000)	
PRIVATE PRACTICE	
Newly Qualified	55–65
1 years PQE	60–75
2 years PQE	65–85
3 years PQE	70–90
4 years PQE	73–100
5 years PQE	75–110
6 years PQE	82–130
7 years PQE	85–140+
8 years+ PQE	90–140+
IN-HOUSE MULTINATIONAL	
Newly Qualified	40–55
1 years PQE	45–65
2 years PQE	45–70
3 years PQE	50–80
4 years PQE	55–90
5 years PQE	65–100
6 years PQE	70–105
7 years PQE	75–125
8 years+ PQE	80–140+

United Kingdom

Market Overview

Whilst challenging economic conditions are still impacting on some sectors there has been a definite upturn in the market, in particular there has been greater optimism in the in-house market. Our UK in-house recruitment team has seen a significantly stronger year than 2003 with more placements and advertising campaigns implemented through the beginning of 2004. This positive outlook appears most prevalent in the hi-tech and media sectors. These are two areas that suffered particularly badly in the recent downturn but now appear to be coming back strongly.

Private Practice

Although confidence remains dented, the market is showing signs of picking up. Given the last economic year, we have seen firms focusing on cost management by taking a closer look at their headcount issues and remuneration costs (i.e salary bands, chargeable hours targets, bonuses and benefits). Salaries have remained largely static this year, with the vast majority of qualified lawyers moving up through unchanged salary bands. Furthermore, within these bands most assistants are being remunerated at the lower end, with the opportunities to reach the top end very limited. Some

average salaries have actually dipped as a result of this year's salary reviews, with many partnerships unable to sustain the continued inflated rise in assistant pay.

Commerce & Industry

Generally the more junior end of the market (0–5 years PQE) has been significantly stronger than the senior level. We don't anticipate any major change in this over the next year. We have also found that there has been an increase in the number of lawyers who have moved into

a non-legal role within their company. We hope that this will be a continuing trend which will offer broader career choices for in-house lawyers.

Salaries have generally been static with average rises of between 3–5% across the board. This is consistent with other sectors across Michael Page. An interesting development has been the increase in flexible benefits packages. Our survey says that 25% of companies now offer a more flexible range of benefits to their staff.

UK salary table 2004

	Top-tier £'000	50+ Partners £'000	<50 Partners £'000			
UK BASED FIRMS						
Newly Qualified	48–50	42–40	38–50			
1 years PQE	50–55	46–54	40–55			
2 years PQE	55–61.5	49–58	44–58			
3 years PQE	59–69	53–64.5	48–67			
4 years PQE	64–76	60–71	51–72			
5 years PQE	65–84	62.5–85	54–81.5			
6 years+ PQE	73–110	69.5–96	60–98.5			
Experience	NQ	1–3 years	3–5 years	5–7 years	7+ years	HOL
COMMERCE & INDUSTRY						
Pharmaceutical	35–46	38–55	48–56	55–62	60–105	85–190
Energy	30–44	40–50	50–63	60–85	70–105	85–180
Retail/FMCG	30–38	39–60	44–70	55–76	60–90	72–175
Entertainment/Media	25–40	30–55	44–60	55–69	70–85	60–150
Manufacturing	30–47	37–60	50–70	55–78	57–78	70–160
Hi-Tech	25–38	34–48	45–70	45–75	62–90	72–200

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