



## INTRODUCTION

The Global Financial Crisis (GFC) has impacted all employment sectors in Australia, including the legal market. The global economic contraction and resulting fall in business confidence has led to reduced hiring activity on a national basis. Having said that, variances exist between states and we have split our commentary for New South Wales & Victoria accordingly.

## NEW SOUTH WALES MARKET OVERVIEW

**TOP TIER:** Most top tier firms have already cut staff and we do not envisage further rounds of significant headcount reductions. It is interesting to note that whilst there have been a few well publicised rounds of redundancies at some of the larger firms, our analysis has shown that the number of lawyers let go has been minimal with support staff bearing the brunt of these staff cuts. These cuts have been minimal when compared to top tier firms internationally, where the downturn has pushed some to reduce legal staff numbers by 20-30%. Firms have learnt their lesson from the last downturn and acknowledge the importance of retaining their remaining talent by investigating alternate strategies such as flexible working hours and redeploying staff into better performing departments.

**MID TIER:** With less exposure to financial services and global markets, some mid tier firms are well placed to take advantage of current market volatility. Those mid tier firms that offer a competitive alternative in the current market are winning new business and hiring as a consequence. The breadth and quality of skills on the market now were not available 18 months ago and many mid tier firms are making the strategic hires necessary to support business growth.

**BOUTIQUE:** Specialist boutique firms are in a similar situation to mid tiers because of their competitiveness in the current business environment. The best placed boutiques are those with specialisations aligned to counter cyclical work. We are seeing firms

acquiring new partners and additional practice areas as their lower cost base mean a better return on billings for senior staff.

**IN-HOUSE:** The in-house sector has been affected across all industries but international companies have generally been more affected than domestic. The banking sector is an obvious example of this trend and this has led to real pressure on General Counsels to reduce budgets. Paradoxically, the legal department within a company is an area where investing more money in extra staff can actually reduce total business costs by lowering spend on external lawyers. Spending \$150,000 on the salary of an additional in-house lawyer could actually result in a saving of three times that amount on external spend. Convincing executive decision makers to commit to this spend is quite difficult, especially when they are offshore. This means that many international businesses are opting for the short term gain of reducing permanent headcount, even if it means the long term total spend on law firms and contractors increases and they are then forced to re-hire in a tougher market.

**GLOBAL IMPACT:** The strength of the domestic market is being enhanced further by talented Australian lawyers returning from overseas markets such as New York, Asia, Dubai and the UK. We have also seen a rise in the number of US and British lawyers heading to Australia. In the past six months, our website has received a 64% increase in traffic from the US and a 23% increase from the UK.

Many of these lawyers are from top tier US and UK firms in either senior or mid level positions, predominantly in the areas of banking and finance, debt and equity capital markets, derivatives, corporate finance, securitisation and commercial.

Legal employers operating in Australia are in the driving seat again for the first time in many years. Securing strategic skills now will help to address short term challenges and position the firm for the upturn.

## VICTORIA MARKET OVERVIEW

**TOP TIER:** Some of the top tier firms have already made reductions in staff numbers. The general consensus is that we are lagging six months behind the UK in terms of feeling the full affects of the GFC. This suggests there will be a further reduction in staff numbers. Nevertheless, firms are reluctant to lose top quality practitioners on the transactional side and are therefore redeploying staff. Insolvency in particular is an area of practice that regularly relies on the transactional skill-sets such as banking and finance, and corporate finance and commercial.

**MID TIER:** Firms that offer a competitive alternative are winning new business but still taking a cautious approach to recruitment. The expectation is that recruitment will become more prevalent in the second half of the year within the areas of insolvency, employment relations and insurance litigation.

**BOUTIQUE:** The boutique market has not been as significantly impacted by the GFC in comparison to some of the larger firms. Boutiques generally work on smaller scale projects and it seems the SME market is yet to feel the full impact of the global downturn. At this stage, boutique firms are remaining active in terms of work and consistent when it comes to recruitment activity.

**IN-HOUSE:** The in-house market has remained fairly stable in 2009 and while organisations find themselves to be relatively busy, they have been conservative in increasing headcount. We expect organisations to stay somewhat cautious in terms of their hiring activity at least until the end of the 2008/2009 financial year. We do however expect recruitment activity to increase in the second half of the year, this however will predominantly be within contracting.

**OUTLOOK:** Whilst there is a significant increase of talent within the legal market, much of that talent is within areas of practice which are no longer in demand.



These areas include corporate finance and commercial, banking and finance and commercial property. Within the areas of need, such as insolvency and employment relations, firms are being particularly cautious in ensuring they take on board the best possible talent available. The challenge will be sourcing top quality insolvency and employment relations candidates. This can prove to be somewhat difficult given we are undergoing boom times in these areas and candidates will be reluctant to move unless they see genuine career progression or an exceptional opportunity.

### **PERMANENT VS CONTRACT MARKETS**

Market uncertainty has caused the permanent market to tighten, with firms reluctant to devote additional spend to hiring more permanent staff and the few hires that are being processed are taking far longer than in previous years. Some decision makers are looking to the contract market to cover workload in the interim until visibility returns and budgets are relaxed.

The strongest increase in contract employment is within the in-house market. Candidates are now more open to accepting contract roles to secure work, so this has become a fit solution to both firms and employees. Private practice has not followed this trend with very few contract roles available. This is largely due to the difficulty in establishing and cultivating client relationships in the short term.

### **AREAS OF RESILIENCE**

Counter cyclical areas such as litigation, insolvency and restructuring are all in demand. Due to recent workplace legislation changes, there has also been an increase in recruitment activity of employment and industrial relations lawyers.

### **SALARY IMPLICATIONS**

In contrast to previous years, we predict salary levels will remain relatively stable with little to no increase across most sectors. This is a direct result of a decline in business activity, coupled with a marked increase in the volume of job seekers. With

that said, we do expect to see an increase within salary bands in boom areas, such as employment relations and insolvency.

### **RECRUITMENT ADVICE FOR EMPLOYERS**

The retention of legal professionals remains as relevant in 2009 as in previous years. High performers are always in demand and if they become disengaged you risk losing them. These lawyers will be hard to replace, particularly when the market turns and you do not have the right people in the right positions to drive your business forward.

Higher salaries have traditionally been the preferred method of attracting legal talent but employers will have to find alternative ways of retaining staff.

A vast majority of candidates are changing jobs to advance their career, rather than for an increase in remuneration. This is well supported by the 08/09 Michael Page Legal Salary & Employment Forecast, with 42% of respondents citing career advancement as their reason for moving on, whilst only 20% were motivated by more money.

Effective retention strategies will address this with talent recognition and development programs. Let your best performers know their potential has been recognised and will be developed through structured career development.

Your firm should target the people and skills identified as being critical to your business. Your talent management program should also feed into your succession planning strategies by developing future leaders for specific business lines and arming them with specific skills.

### **Engagement is Key**

Talk and engage regularly with your team about where the firm is going, the decisions the partners or board are making and what role they can play in the future of the firm. Open communication is important because people are concerned about job security in the current market. Our advice is to acknowledge these concerns (where they

exist) with your employee, and then be very clear about performance expectations and the support and assistance that you will provide to ensure they can perform. You also need to acknowledge and contrast external performance constraints (e.g. market conditions) with internal performance constraints (motivation, attitude, ability).

Support from the business is the final requirement for success. Business leaders need to have accountability for engaging and developing talent at all levels.

### **Maintain a Positive Environment**

If the focus is on potential redundancies and cutting costs, it will be difficult for staff to remain motivated and loyal. Wherever possible you must develop a positive atmosphere.

You want to have pragmatic people in your team who are engaged, focused and productive. Essentially this boils down to hiring and retaining commercially minded individuals who are aware of the market they are working in and adapt their working practices accordingly.



**IN-HOUSE**  
**BANKING & FINANCIAL SERVICES**

| GENERAL COUNSEL             |                |         |                    |          |
|-----------------------------|----------------|---------|--------------------|----------|
| COMPANY SIZE                | SMALL – MEDIUM |         | LARGE <sup>†</sup> |          |
| STATE                       | NSW            | VIC     | NSW                | VIC      |
| SALARY                      | \$'000         | \$'000  | \$'000             | \$'000   |
| Financial Services          | 210–300        | 200–300 | 280–380+           | 250–370+ |
| Retail Banking              | 210–300        | 200–300 | 280–400+           | 270–380+ |
| Institutional Banking       | 210–300        | 210–300 | 280–400+           | 270–380+ |
| Funds/Investment Management | 220–320        | 220–320 | 280–380+           | 260–380+ |
| Financial Markets           | 220–320        | 220–320 | 280–400+           | 270–380+ |

| LEGAL COUNSEL               |           |        |           |        |            |         |            |         |
|-----------------------------|-----------|--------|-----------|--------|------------|---------|------------|---------|
| EXPERIENCE                  | 0–2 YEARS |        | 2–5 YEARS |        | 5–10 YEARS |         | 10 YEARS + |         |
| STATE                       | NSW       | VIC    | NSW       | VIC    | NSW        | VIC     | NSW        | VIC     |
| SALARY                      | \$'000    | \$'000 | \$'000    | \$'000 | \$'000     | \$'000  | \$'000     | \$'000  |
| Financial Services          | 65–100    | 65–95  | 90–140    | 80–140 | 130–200    | 125–200 | 150–220    | 140–210 |
| Retail Banking              | 65–95     | 65–90  | 90–140    | 80–135 | 130–200    | 125–190 | 150–220    | 140–210 |
| Institutional Banking       | 70–100    | 70–100 | 95–140    | 80–140 | 140–200    | 120–200 | 160–235    | 150–235 |
| Funds/Investment Management | 75–105    | 70–105 | 95–150    | 90–150 | 145–220    | 140–210 | 175–250    | 160–250 |
| Financial Markets           | 80–105    | 80–95  | 95–150    | 90–150 | 145–220    | 130–220 | 170–250    | 160–250 |

| HEAD OF COMPLIANCE           |                |         |                    |         |
|------------------------------|----------------|---------|--------------------|---------|
| COMPANY SIZE                 | SMALL – MEDIUM |         | LARGE <sup>†</sup> |         |
| STATE                        | NSW            | VIC     | NSW                | VIC     |
| SALARY                       | \$'000         | \$'000  | \$'000             | \$'000  |
| Financial Services           | 170–220        | 170–220 | 220–320            | 220–320 |
| Retail/Institutional Banking | 180–220        | 175–220 | 240–350            | 240–350 |
| Funds/Investment Management  | 180–220        | 180–220 | 230–340            | 230–340 |
| Financial Markets            | 180–230        | 180–230 | 250–360            | 250–360 |
| IT&T/Energy                  | 160–210        | 160–210 | 210–320            | 210–320 |

| COMPLIANCE                  |           |        |           |        |            |         |            |         |
|-----------------------------|-----------|--------|-----------|--------|------------|---------|------------|---------|
| EXPERIENCE                  | 0–2 YEARS |        | 2–5 YEARS |        | 5–10 YEARS |         | 10 YEARS + |         |
| STATE                       | NSW       | VIC    | NSW       | VIC    | NSW        | VIC     | NSW        | VIC     |
| SALARY                      | \$'000    | \$'000 | \$'000    | \$'000 | \$'000     | \$'000  | \$'000     | \$'000  |
| Financial Services          | 50–100    | 50–90  | 80–145    | 80–125 | 110–180    | 110–170 | 150–210    | 150–210 |
| Retail Banking              | 50–95     | 50–85  | 80–125    | 75–120 | 110–170    | 110–170 | 150–210    | 150–210 |
| Funds/Investment Management | 55–100    | 55–100 | 95–145    | 95–140 | 125–185    | 120–180 | 160–220    | 160–215 |
| Financial Markets           | 55–100    | 55–95  | 95–145    | 95–140 | 125–190    | 120–190 | 160–230    | 160–230 |
| IT&T/Energy                 | 50–95     | 50–85  | 85–130    | 85–120 | 110–170    | 110–165 | 150–195    | 150–195 |

Please note:

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

<sup>†</sup> Salaries at this level can vary widely depending on the individual's background and experience and the scope of the role. Please contact our Executive Search team for specific advice regarding salaries at the executive level.



**IN-HOUSE**  
**COMMERCE, INDUSTRY & PUBLIC SECTOR**

| GENERAL COUNSEL          |                 |          |          |          |
|--------------------------|-----------------|----------|----------|----------|
| COMPANY SIZE             | SMALL – MEDIUM† |          | LARGE†   |          |
| STATE                    | NSW             | VIC      | NSW      | VIC      |
| SALARY                   | \$'000          | \$'000   | \$'000   | \$'000   |
| IT/Telcos                | 200–250+        | 200–230+ | 250–350+ | 250–340+ |
| Retail/FMCG              | 190–230+        | 190–230+ | 240–320+ | 230–300+ |
| Manufacturing/Industrial | 190–230+        | 190–220+ | 230–320+ | 230–300+ |
| Energy/Resources         | 200–250+        | 200–230+ | 270–350+ | 250–350+ |
| Property/Construction    | 200–250+        | 200–240+ | 270–350+ | 250–350+ |
| Public Sector            | 140–180+        | 140–170+ | 180–240+ | 170–220+ |

| LEGAL COUNSEL            |           |        |           |        |            |         |             |          |
|--------------------------|-----------|--------|-----------|--------|------------|---------|-------------|----------|
| EXPERIENCE               | 0–2 YEARS |        | 2–5 YEARS |        | 5–10 YEARS |         | 10 YEARS +† |          |
| STATE                    | NSW       | VIC    | NSW       | VIC    | NSW        | VIC     | NSW         | VIC      |
| SALARY                   | \$'000    | \$'000 | \$'000    | \$'000 | \$'000     | \$'000  | \$'000      | \$'000   |
| IT/Telcos                | 60–95     | 60–95  | 90–150    | 90–150 | 150–210    | 150–200 | 180–250+    | 180–230+ |
| Retail/FMCG              | 60–90     | 60–90  | 90–140    | 90–140 | 140–200    | 140–200 | 170–230+    | 170–220+ |
| Manufacturing/Industrial | 60–90     | 60–95  | 90–140    | 90–140 | 140–190    | 140–190 | 170–220+    | 170–200+ |
| Energy/Resources         | 70–100    | 70–100 | 95–165    | 90–160 | 150–220    | 150–210 | 190–250+    | 200–230+ |
| Property/Construction    | 70–100    | 70–100 | 95–165    | 90–160 | 150–220    | 150–210 | 190–250+    | 190–240+ |
| Public Sector            | 50–75     | 50–70  | 70–120    | 70–110 | 120–160    | 110–155 | 140–180+    | 140–170+ |

| COMPANY SECRETARY |           |           |            |            |
|-------------------|-----------|-----------|------------|------------|
| EXPERIENCE        | 0–2 YEARS | 2–5 YEARS | 5–10 YEARS | 10 YEARS + |
| SALARY            | \$'000    | \$'000    | \$'000     | \$'000     |
| ASX 100           | N/A       | 90–145    | 150–240+   | 250+       |
| Mid Cap           | N/A       | 85–130    | 140–180+   | 180+       |
| SME               | N/A       | 75–120    | 120–150+   | 150+       |

| ASSISTANT COMPANY SECRETARY |           |           |            |            |
|-----------------------------|-----------|-----------|------------|------------|
| EXPERIENCE                  | 0–2 YEARS | 2–5 YEARS | 5–10 YEARS | 10 YEARS + |
| SALARY                      | \$'000    | \$'000    | \$'000     | \$'000     |
| ASX 100                     | 60–90     | 90–120    | 120–160    | 160+       |
| Mid Cap                     | 50–85     | 85–100    | 100–125    | 125+       |
| SME                         | 50–75     | 75–95     | 95–120     | 120+       |

Please notes:

1. Figures indicated are cash component plus superannuation, excluding other benefits.
2. Due to the wide variation of remuneration structures within financial institutions the salary levels included are averages only.
3. Roles marked N/A are not commonly found with less than two years' experience.

† Salaries at this level can vary widely depending on the individual's background and experience and the scope of the role.  
Please contact our Executive Search team for specific advice regarding salaries at the executive level.



**PRIVATE PRACTICE**

| TIER             | TOP TIER |         | MID TIER |         |
|------------------|----------|---------|----------|---------|
|                  | NSW      | VIC     | NSW      | VIC     |
| STATE            | NSW      | VIC     | NSW      | VIC     |
| SALARY           | \$'000   | \$'000  | \$'000   | \$'000  |
| Graduate Lawyer  | 58-70    | 55-65   | 48-60    | 45-55   |
| 1st year PQE     | 60-90    | 65-80   | 60-80    | 60-70   |
| 2nd year PQE     | 70-85    | 75-85   | 75-85    | 80-90   |
| 3rd year PQE     | 90-100   | 90-110  | 90-100   | 90-100  |
| 4th year PQE     | 105-130  | 110-120 | 100-130  | 100-110 |
| 5th year PQE     | 120-160  | 120-150 | 120-145  | 120-140 |
| 5-10 years PQE   | 140-240+ | 150-230 | 150-220+ | 150-210 |
| Special Counsel† | 200+     | 200+    | 180+     | 180+    |

**BOUTIQUE**

| STATE            | NSW    | VIC    |
|------------------|--------|--------|
| SALARY           | \$'000 | \$'000 |
| Junior           | 50-70  | 40-60  |
| Mid Level        | 70-100 | 60-90  |
| Senior Associate | 95-150 | 90-130 |
| Partner          | 150+   | 150+   |

**LEGAL SUPPORT**

**PARALEGALS**

| STATE                 | NSW    | VIC    |
|-----------------------|--------|--------|
| SALARY                | \$'000 | \$'000 |
| Entry Level           | 30-40  | 30-40  |
| 1 year's experience   | 40-45  | 40-45  |
| 2-4 year's experience | 45-65  | 45-65  |
| Career Paralegal      | 55-80  | 55-80  |

**LEGAL SECRETARIES**

| STATE                     | NSW    | VIC    |
|---------------------------|--------|--------|
| SALARY                    | \$'000 | \$'000 |
| Entry Level               | 30-40  | 30-40  |
| 1 year's experience       | 40-45  | 40-45  |
| 2-4 year's experience     | 45-60  | 45-60  |
| 4+ year's experience      | 55-75  | 55-75  |
| PA/EA 5 year's experience | 70+    | 70+    |

Please note:

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

† Salaries at this level can vary widely depending on the individual's background and experience and the scope of the role. Please contact our Executive Search team for specific advice regarding salaries at the executive level.

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