



## EMPLOYMENT MARKET OVERVIEW

The white-collar employment market is beginning to stabilise but this is not translating into new job creation. Our annual employment survey, which this year includes responses from over 400 senior managers from Australia's corporate sector, reveals 51% of respondents believe their headcount will not be reduced further over the next 12 months. This suggests employment levels are stabilising after the sharp cuts that occurred in sectors such as financial services during the second half of 2008.

While this is an encouraging sign it points to employment market stabilisation rather than recovery. For a recovery to occur new jobs must be created and only 16% of respondents believe this will happen over the year ahead. Business confidence levels are still too low for employers to invest in new job creation. Only 49% of respondents predict improved conditions by the end of 2009, with 27% forecasting no improvement and 24% still unsure.

The permanent recruitment market has been most heavily impacted by the fall in business confidence. Contracting has proved

more resilient, particularly in the professions where permanent employment has been hardest hit by the economic downturn. We are starting to see an increase in contract roles within financial services in Australia and more broadly across the UK and US markets. These are encouraging signs because in previous downturns the sectors that led us out of the downturn were the ones to lead us out.

Events over the last 12 months have temporarily obscured the skills shortage but employers still recognise the importance of staff retention. To avoid staff cuts many companies have pursued alternative strategies of payroll cost reduction. Our employment survey reveals 35% of companies have frozen salaries, 18% have implemented forced paid leave and 9% have reduced working hours.

The focus of staff retention strategies must change to reflect the economic downturn. In contrast to previous years in which financial incentives rated highly, employees are now looking for leadership and direction during uncertain times. Of our survey respondents, 51% rated leadership as the

most effective staff engagement strategy in the current environment, followed by transparent communication at 31%.

Our advice to employers is that staff retention is even more important during a downturn. Companies should not operate on the assumption that the skills lost will be readily available when they are required again. Commercial and business development capabilities, as well as sales and marketing functions, need to be established ahead of the next market upturn. Our experience of previous downturns shows the companies that continue to invest in these business critical functions gain market share in the first stage of the upturn.

Hiring activity will remain cautionary for the second half of 2009 and this will be reflected in reduced salary pressure. Permanent salaries are remaining constant but we anticipate any increases to be 1% - 3% with bonus components typically being reduced. Contracting rates are proving to be more resilient and will increase before permanent salaries when market conditions improve.

## SECTOR TRENDS – LEGAL

### NEW SOUTH WALES

**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.



## SECTOR TRENDS

**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

**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.



**SECTOR TRENDS**

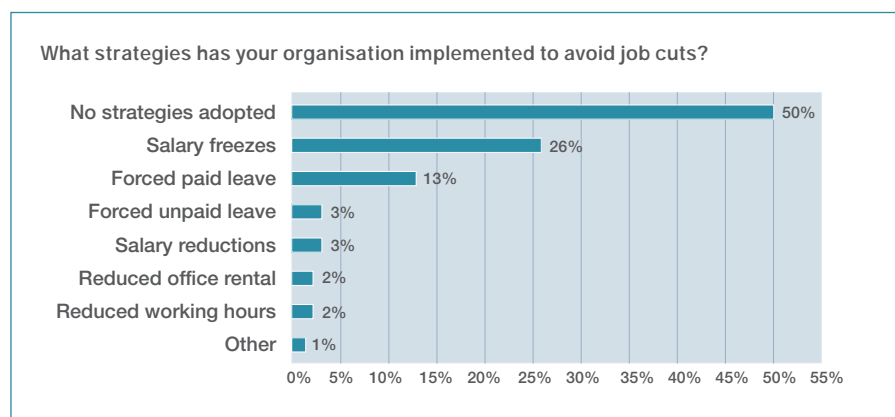
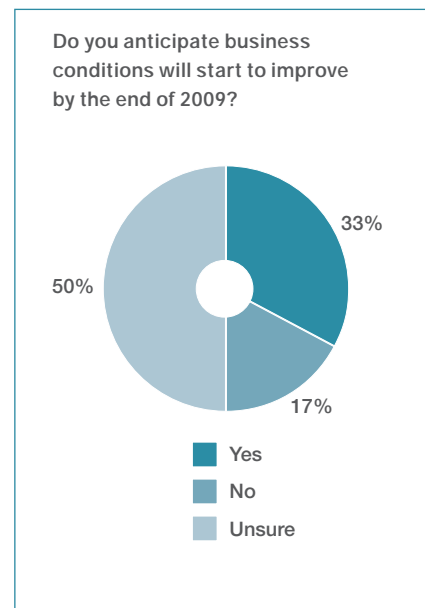
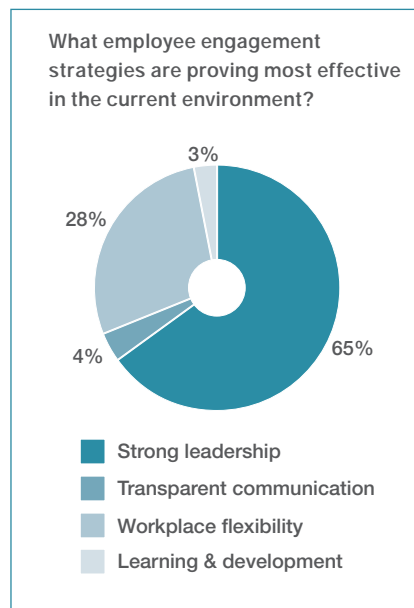
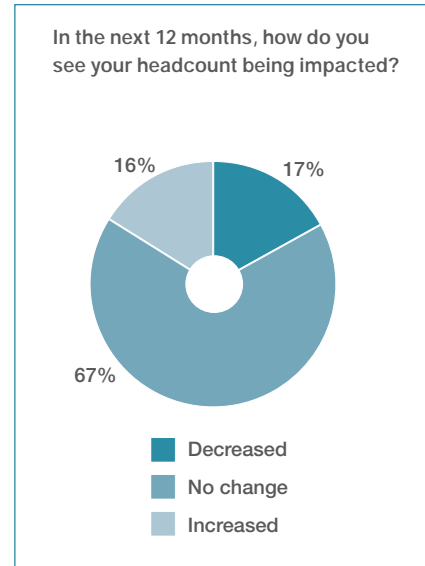
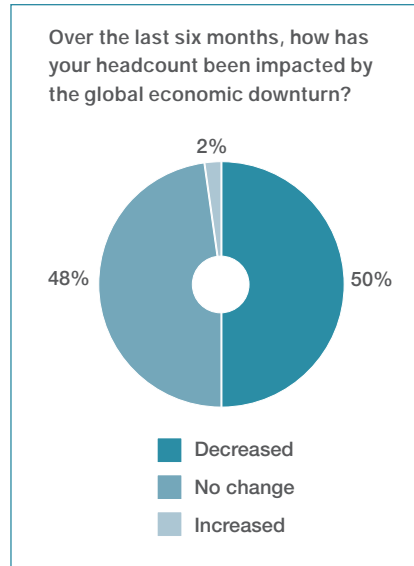
**ENGAGEMENT IS KEY:** Talk and engage regularly with your team about where the firm is going, the decisions the partners or board are making and what role they can play in the future of the firm. Open communication is important because people are concerned about job security in the current market. Our 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.

**MARKET RESEARCH RESULTS**





**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 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.
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
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.

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