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GLOBAL LEGAL RECRUITMENT

AUSTRALIAN PRIVATE PRACTICE SALARY SURVEY 2007/2008



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INTRODUCTION

The 2007 private practice market continues to be buoyant, healthy and active. Law firms are heralding record high profits and, as a result, the importance of retaining and attracting solicitors continues to be the dominant issue for partners and senior management within law firms.

As with the last few years, solicitors at all levels are drawn to the increasing number of domestic and overseas private practice and in-house alternative employment opportunities. Law firms have therefore had to continue to think of creative ways to maintain the necessary staffing levels to preserve profitability.

Taylor Root is widely regarded by our clients as being one of Australia's premier specialist legal recruitment agencies. We work across all of the top-tier, national, mid and boutique law firms. This survey has been compiled with reference to:

- salaries offered to candidates by their current employers following the recent review;
- offers of employment made to candidates looking to move laterally; and
- information provided by the firms themselves.

The figures in the survey are set out in easy to read salary bands, commensurate with a candidate's level of post-admission experience. The bands acknowledge the diversity of the breadth of experience at each level and

allow candidates and clients to find the information that is most relevant to them. There are a number of profitable boutique law firms who are leading the market with salary packages, and these figures were incorporated into the top-tier bracket. Occasionally an individual's salary may fall outside the bands illustrated below. The norm for staff performing at the required level of achievement will typically be somewhere between the extremes of the bands.

Throughout 2007, the areas of greatest demand continue to be Corporate (Mergers & Acquisitions and Private Equity), Banking & Finance, Construction/Projects, IT, Property and Financial Services.

MARKET OVERVIEW

2007 has been an extremely busy year for the private practice firms, with a significant increase in time and resources devoted to the mid-year salary and performance reviews. Of particular note is the increased commitment that the firms have made to ensure that salaries reflect solicitors' value, as well as a focus on developing additional methods of rewards and remuneration. With the market continuing to be extremely tight and competitive for lawyers, the law firms are investing in new ways to attract and retain staff.

First and foremost, law firms have focused their efforts on retaining existing staff, and as a consequence the review process of 2007/2008 has had a large impact on the salary bands set in previous years. The financial and cultural consequence of losing valued staff has

meant that throughout this year's reviews, greater resources were committed to ensuring the salary figures were competitive. Many firms engaged in lengthy review processes for lawyers, involving partners, human resources, senior management and, in some instances, external consultants.

This year we have seen lawyers' salaries increase by between 8-15%. The most significant increase in salaries at this year's review was at the 2-5 year post-admission level, both in the mid-tier and top-tier. It is at this level that the firms have suffered the highest number of departures and consequently it has become the law firms' greatest focus in retaining and hiring staff. Within these bands, star performers, in the key practice areas, were rewarded at the top end of the salary bands.

The bands continue to grow in breadth for lawyers with in excess of 5 years' experience, with law firms paying large dividends for lawyers on an upward career track within the firm.

In order to circumvent the restrictions imposed by the salary bands, 2007 has seen an increase in the number of performance based bonuses and rewards given to star performers. In some instances, lawyers are able to receive a bonus of up to 10% of their package on an entirely discretionary and largely confidential basis.

Sign-on bonuses were widely used by the larger firms as an additional incentive to attract lawyers and to try and distinguish themselves in a competitive recruitment market. This is also starting to become a tool used by

the national and mid-tier firms. The sign-on bonus is used when a firm's salary banding prohibits higher offers being made to match competing offers. These 'golden hellos' can range from \$5,000 to \$30,000 and are usually reserved for candidates with skill sets in very low supply.



This year has also seen an increase in the salaries paid by a number of mid-tier firms. The trend has been for some upper mid-tier firms to increase salary bands to attract the top talent, and thus slowly bridge the gap between the tiers.



TOP-TIER SALARIES

	Sydney	Melbourne
1 year	\$68,000-\$80,000	\$63,000-\$74,000
2 years	\$78,000-\$95,000	\$72,000-\$90,000
3 years	\$92,000-\$115,000	\$86,000-\$105,000
4 years*	\$109,000-\$140,000	\$95,000-\$125,000
5 years	\$120,000-\$160,000	\$110,000-\$145,000
6 years	\$140,000-\$190,000	\$125,000-\$165,000
7+ years	\$152,000-\$240,000	\$130,000-\$220,000
Special Counsel	\$200,000+	\$180,000+

MID-TIER SALARIES

	Sydney	Melbourne
1 year	\$62,000-\$72,000	\$55,000-\$68,000
2 years	\$74,000-\$86,000	\$62,000-\$78,000
3 years	\$79,000-\$93,000	\$72,000-\$96,000
4 years*	\$88,000-\$120,000	\$85,000-\$110,000
5 years	\$95,000-\$130,000	\$92,000-\$125,000
6 years	\$112,000-\$148,000	\$100,000-\$140,000
7+ years	\$125,000-\$178,000	\$115,000-\$175,000
Special Counsel	\$160,000+	\$140,000+

The figures above include statutory superannuation.
 The figures above do not include bonuses.
 *From this level upwards, the figures incorporate senior associate packages.

In addition to the law firms' commitment to maintaining a competitive salary package for their staff, we have also witnessed an increased focus on additional benefits. Such benefits include local and overseas secondments, leave of absence (for study, travel or volunteer work) and flexible work arrangements. In particular, the increase of flexible work arrangements has undergone a steady increase in recent years. Where these positions were traditionally held for working mothers, there is a shift towards accommodating all staff, many of whom want to combine career with either family, co-curricular activities or outside business interests. As a reward, many of

these roles are reserved for existing staff members with a proven relationship and/or commitment to the firm.

The law firms continue to search throughout the global markets for talented lawyers, thus contributing to the mix of local and international lawyers within the top-tier, mid-tier and boutique law firms. Australian returners continue to dominate the profile of the ideal overseas-based candidate. However, as Australian returners are staying abroad for longer and becoming more senior, the mid-level overseas-qualified lawyer remains a vital source of talent.

CONCLUSION

With the increased mobility of lawyers within the Australian and global markets, law firms this year have placed a huge weight on reward and loyalty. Both of these issues have dominated salary reviews in 2007/2008. Whilst the salary bands themselves have increased marginally in amount, the increment from year to year (band to band) remains significant for most lawyers.

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