

SALARY AND MARKET REPORT 2019

Australia



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2018 - Salary Growth and High Demand

2018 delivered unprecedented demand for lawyers, especially from the 'Big 6' Australian firms. This led to an interesting and challenging dynamic for recruitment which had a significant impact on salaries for legal professionals.

Economic conditions were strong in the main Australian cities throughout 2018. This was fuelled by greater M&A activity, continued Government spending on infrastructure, a rapidly developing Tech industry and strong growth within financial services.

The legal market has been strongly influenced by the positive economic conditions across Australia as well as landmark events such as The Banking Royal Commission.

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Litigators in High Demand



2018 saw increased activity in the litigation market from 2017. This was particularly relevant in H1 2018 as firms geared up for the Banking Royal Commission.

The Top Tier and Mid Tier firms have consistently looked to hire capable litigators to service the demand from their Banking clients. There were 135 new vacancies available in Sydney and 97 in Melbourne for litigators during 2018.

The bulk of this demand has been at Associate level, with those between 3-6 years' PQE in highest demand. During 2018, we experienced greater demand than previous years for Senior Associates capable of running cases and managing teams.



Banking Royal Commission

As a result of the Banking Royal Commission, a number of new roles for litigators have been created. The demand from the 'Big 6' firms is peaking as they service the requirements which have resulted from the Commission. The 'Big 4' Banks have continued to hire in-house litigation and regulatory lawyers to deal with the ever increasing red-tape in the financial services industry.

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Property & Construction

2018 provided a continuation of the buoyant Property & Construction market across Australia. Sydney and Melbourne have been the busiest cities, with growth dominated by two main elements. Firstly, state-wide infrastructure spending on both road and rail. Secondly, demand for high-end real estate and hotels fuelled by an increase in overseas buyers and tourists.

Economic conditions have improved across Brisbane and Perth with spending at the highest level for a number of years. This has led to an increase in demand within the legal market in both cities. We have experienced more requests than previous years from lawyers originally from these cities who have been working on the east coast or overseas, but are now looking to return home as more jobs become available.

In 2018, there were 189 roles for Property and Construction lawyers in the Mid and Top Tier firms in Sydney, 138 in Melbourne, 76 in Brisbane and 45 in Perth. Construction experience is the most 'in demand' legal skill set across Australia.

The Sydney Metro

There have been a number of high profile projects in 2018, notably the advancement of Australia's largest ever transport infrastructure project; the Sydney Metro. The first trains were tested in H1 2018 and services are expected to begin in early 2019. The NSW Infrastructure Strategy 2018-2038 plans to invest unprecedented amounts into Sydney's infrastructure, which will maintain the demand for legal services for the foreseeable future.



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2019 Outlook - BCI Economics Report 2019

We expect the Total construction projects market (building and civil engineering projects, excluding the detached housing sector as well as mining, oil and gas) to show steady growth of 8.2% in the upcoming financial year 2018/2019. This compares with a healthy increase of 11.7% for the current financial year ending 30 June 2018.

Civil engineering construction (including infrastructure, transport and utilities) has been the significant growth engine for the industry in recent years, improving 96.0% in 2016/2017 and 24.5% in 2017/2018. With continued strong government commitment, we are expecting a further 13.4% growth in 2018/2019.

Planning and Environment

Whilst the Sydney infrastructure market remains strong, a number of key projects are past the halfway mark, whilst in Melbourne a number of projects are in the early stages. Both public and private industry participants in Melbourne are seeking legal advice from large teams to mitigate risk particularly given changes to the Victorian planning regime. As a result of this, we are seeing a number of planning and environment lawyers from Mid-Tier and Boutique firms in Sydney and Brisbane consider a shift to top-tier firms in Victoria. The majority of firms seek lawyers at the Associate and Senior Associate level.

Victoria is also particularly busy as The Victorian Department of Health and Human Services is currently seeking expressions of interest from the social housing sector and private developers to participate in joint venture property development; selection of a development partner is still in progress. The partnership will enable delivery of affordable, mixed housing on vacant, state owned land throughout Victoria. The program will start with 52 vacant sites that run from Melbourne's western suburbs to Geelong.

These factors have created high demand, particularly in the large law firms, for quality Planning lawyers. We expect this demand to remain steady into 2019.

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Corporate and M&A

Beacon Legal has experienced an unprecedented demand from our clients for corporate lawyers in 2018. This is the direct result of two major factors, namely:

- 1. Market conditions.** M&A activity was again strong in 2018, and the majority of industry experts are predicting an increase in deal flow (and size) in 2019. The technology industry leads the way for M&A activity, meaning lawyers with experience in the space will be highly sought after.
- 2. Candidate shortage.** The demand for corporate lawyers greatly outstrips supply in Australia. Corporate lawyers are geographically mobile (meaning many are travelling overseas for work) and also the most likely to be hired for in-house roles. The result is a shortage of high quality corporate lawyers actively searching for jobs within the local market.

The direct result of increased demand and short supply is higher remuneration and increased competition for talent. We're seeing a number of firms offering financial and cultural incentives to attract candidates. Lawyers moving between firms can expect lateral salary increases of between 10 – 25% depending on their level of seniority. Firms are offering sign-on bonuses, generous short-term incentive structures of up to 25% of salary (even for junior lawyers) and in rare cases, employee share options.



We expect high demand to continue, and even increase during 2019, as the market remains buoyant.

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Banking & Finance

The Financial Services industry is exceptionally busy. 2018 saw increased demand for Private Practice lawyers making their first move in-house, notably as a result of increased hiring from the 'Big 4' banks as well as investment banks such as Macquarie.

Within Private Practice in Sydney there have been 66 new vacancies become available and 46 new vacancies in Melbourne.

The Rise of Fintech

The continued and rapid growth of Fintech in Australia has led to an increased demand for in-house lawyers from businesses which are now at the size where it makes sense to create an internal legal function. Companies such as ASX listed AfterPay have experienced rapid growth in users and revenue in 2018, as the industry continues to revamp the way consumers manage their money.

Private Practice law firms have continued to establish small teams focused on Fintech and electronic payments. Lawyers experienced advising on cryptocurrency and blockchain are still very rare and attract interest from law firms looking to bolster their knowledge base.



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Employment Law

Demand for general Employment lawyers was stable throughout 2018. There has been particular demand for industrial relations and workplace health and safety lawyers from 3-7 PQE.

Although demand has remained steady, there is a lack of high calibre Employment lawyers which creates a gap in supply and demand, which is most relevant within the top tier firms, where live roles often take months to fill.

Technology, Media and Telecommunications (TMT)

The market for TMT lawyers was steady in 2018. Private practice teams have been gradually expanding, although at a slower rate than was anticipated in our 2018 Report. We expect increased law firm demand in 2019 as the Australian technology sector continues to develop.

Contrary to the steady growth within Private Practice, we are seeing substantial growth in the in-house markets, with dedicated technology lawyers becoming an asset to many large businesses looking to improve operating efficiency.



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In-House Legal Market

The in-house market remains an attractive proposition for most mid-level lawyers. In a recent survey we conducted, 65% of candidates said that they would consider moving to an In-House role.

As companies face external pressure from regulators, they are seeking to keep the majority of their legal spend in-house and are hiring more lawyers as a result. The AFR reported that in-house teams have grown by 10% over the course of 2018.

For the most part, salaries for in-house lawyers have remained steady over the last year and we've seen limited uplift in salaries for lateral movers. On average, in-house salaries tend to be around 10% lower than those offered to private practice lawyers. This is particularly true at the senior level but there are notable outliers for General Counsel positions and senior lawyers in large, publicly listed businesses. In-house lawyers can also expect limited year-on-year salary growth when compared with their counterparts in Private Practice. Bonuses can be generous and often more favourable than those offered by law firms.

Technology and Property/Construction have remained the most active sectors when it comes to hiring Legal Counsel. This is a direct reflection of buoyant markets in those industries. We've also seen considerable opportunity within the pharmaceutical, FMCG and financial services sectors.



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Salary Trends

The majority of Mid and Top Tier firms have tried to bolster their teams so they can take advantage of the current positive market conditions. Candidate demand is outstripping supply, particularly at the 3-6 year PQE level, which has led to an increase in salaries for the most sought after candidates. Many firms, particularly the 'Big 6' and US firms, are offering market leading salaries and are willing to offer sign-on bonuses to attract the best talent.

The overriding sentiment is positive, with far fewer candidates than in recent years feeling disappointed with their remuneration package. Many firms reviewed their salary brackets in 2018, which included increases at a higher relative percentage than previous years. Notably, both KWM and MinterEllison significantly increased their pay brackets for junior lawyers.

This has caused an even greater shortage of candidates who are looking for opportunities, as more decide to remain in their current role.

Many Law firms have found recruitment challenging during 2018, due to their increased demand being coupled with decreasing candidate supply. This dynamic is great if you are a candidate and as a result, we have seen increased competition between firms for lawyers. The financial result of this, for candidates, is higher salary offers and sign-on bonuses becoming more of a norm rather than an exception.

What do we expect in 2019?

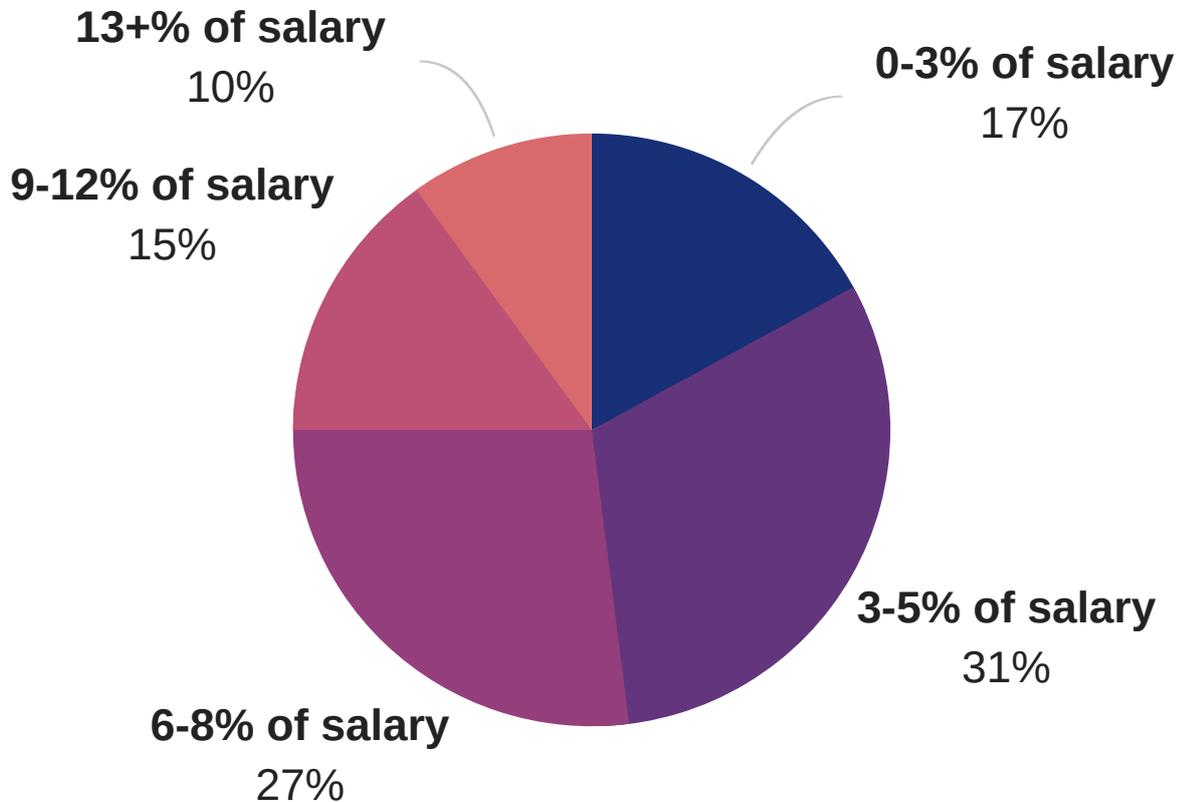
We expect law firm demand to continue, and likely increase, during 2019. Our clients are telling us that they have strong growth plans which include adding Partners and recruiting lawyers as a result.

We expect competition between firms to remain strong and therefore salaries to increase as firms vie for the most highly sought after lawyers.

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Bonuses

% of firms which gave a bonus to fee earning staff in 2018



Bonuses have generally increased in 2018, both in dollar value and in percentage of firms which have paid bonuses. Lawyers are requesting bonus information from firms more regularly at interview stage and firms are competing to offer strong bonus structures. The 'Big 6' firms generally operate bonus schemes up to 25% based on individual and firm performance.

Sign-on bonuses are now commonplace and are usually between \$5,000-\$10,000. We expect this trend to continue into 2019 as competition between firms continues to increase. The main driver for firms to offer a sign-on bonus is when a candidate has multiple job offers.

Relocation packages for international candidates are usually between \$5,000-\$10,000.

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Salary Tables

Salaries contained in the below tables are inclusive of superannuation.

In-House SME Company

Level	Range	Mode
Junior Legal Counsel (0-3 PQE)	70,000 – 105,000	85,000
Legal Counsel (3-6 PQE)	100,000 – 150,000	130,000
Senior Legal Counsel (6+ PQE)	140,000 – 220,000	180,000
Assistant General Counsel	200,000-260,000	230,000
General Counsel	320,000+	360,000

In-House Large/Multinational Company

Level	Range	Mode
Junior Legal Counsel (0-3 PQE)	75,000 – 110,000	90,000
Legal Counsel (3-6 PQE)	110,000 – 160,000	140,000
Senior Legal Counsel (6+ PQE)	160,000 – 230,000	180,000
Assistant General Counsel	230,000- 320,000	300,000
General Counsel	400,000+	500,000

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Sydney Mid Tier Firms

PQE	Range	Mode
1	70,000 – 85,000	75,000
2	75,000 – 90,000	80,000
3	92,000 – 112,500	100,000
4	110,000 - 135,000	120,000
5/SA	130,000 - 150,000	140,000
6	140,000 - 165,000	150,000
7	150,000 - 190,000	175,000
8+	180,000+	195,000

Sydney Top Tier Firms

PQE	Range	Mode
1	75,000 – 85,000	80,000
2	80,000 – 95,000	90,000
3	95,000 – 115,000	110,000
4	115,000 - 135,000	130,000
5/SA	140,000 - 160,000	150,000
6	155,000 - 170,000	160,000
7	165,000 - 190,000	180,000
8+	190,000+	220,000

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Melbourne Mid Tier Firms

PQE	Range	Mode
1	67,500 – 80,000	70,000
2	70,000 – 85,000	75,000
3	90,000 – 108,500	95,000
4	105,000 - 125,000	115,000
5/SA	125,000 - 145,000	135,000
6	140,000 - 165,000	150,000
7	150,000 - 180,000	165,000
8+	175,000+	180,000

Melbourne Top Tier Firms

PQE	Range	Mode
1	72,500 – 82,500	75,000
2	77,500 – 90,000	82,500
3	90,000 – 110,000	100,000
4	110,000 - 130,000	125,000
5/SA	135,000 - 155,000	140,000
6	150,000 - 165,000	155,000
7	160,000 - 185,000	170,000
8+	185,000+	205,000

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Brisbane/Perth Mid Tier Firms

PQE	Range	Mode
1	62,500 – 75,000	65,000
2	70,000 – 82,500	75,000
3	85,000 – 100,000	90,000
4	100,000 - 120,000	110,000
5	120,000 - 140,000	130,000
6	130,000 - 150,000	140,000
7	150,000 - 175,000	160,000
8+	165,000+	175,000

Brisbane/Perth Top Tier Firms

PQE	Range	Mode
1	70,000 – 80,000	75,000
2	75,000 – 85,000	82,500
3	90,000 – 105,000	95,000
4	105,000 - 130,000	120,000
5	130,000 - 155,000	140,000
6	135,000 - 160,000	150,000
7	160,000 - 190,000	170,000
8+	180,000+	190,000

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Special Counsel and New Partner

Level	Mid Tier	Top Tier
Special Counsel	240,000 – 280,000	260,000-310,000
Entry Level Partner	310,000 – 370,000	340,000-450,000

In 2018, we experienced higher demand than ever before for new Partners. We have assisted a number of Special Counsel candidates obtain lateral moves into Partnership. As the market continues to strengthen and firms look to increase market share, we expect this trend to continue into 2019.

Contact Us

Please contact our leadership team to discuss any aspect of this Salary and Market Report or your personal remuneration package.

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