

Law firms salary and benefits report Australia

2022



Introduction

Welcome to the 2022 edition of the Taylor Root law firms salary and benefits report for Australia.

The past financial year marked another extraordinary one for the legal industry with hiring across the market growing at levels unseen for a decade.

As law firms and corporates emerged from the worst of the pandemic, demand for legal services continued to grow resulting in law firms aggressively hiring associates.

The rush in associate hiring was accompanied by a sizeable increase in associate pay including the introduction of a mid financial year salary review in January 2022, an unprecedented event in the Australian legal landscape.

The effects of the hiring rush were exacerbated by a dramatic increase in associate turnover. Fears of the 'Great Resignation' manifested into the reality of the 'Great Migration'. This was due to exceptionally strong demand from law firms in London, New York and San Francisco for Australian transactional lawyers. Unfortunately, continued border restrictions prevented inbound international lawyers filling the void.

As well as this one-way migration, law firms experienced multiple other pressure points on associate supply including a resurging in-house market and lawyers transitioning from mid-tier to top-tier.

Retention quickly became the major concern. Law firms responded to this competition for talent by increasing associate compensation significantly through salary adjustments and bonus payments.

For law firms, the challenge ahead will continue to be candidate supply, with compensation remaining a major component of a law firm's strategy to recruit and retain associates. Unlike the UK and US markets, law firms here are unable to continue the war for talent by increasing salary alone.

Emerging from the pandemic, the attitudes of associates toward life and work have clearly changed. Increasingly, lawyers are concerned about flexibility and personal control over their working arrangements, as well as the money they are making.

For candidates, it is a world of opportunity. Australian lawyers have never been in higher demand - locally, in-house and internationally - in what is the tightest candidate market the Australian legal sector has ever witnessed.

Whether you are a client or a law firm associate, we hope that you find the information contained in our salary and benefits report useful. The information relates to the salaries and benefits of thousands of lawyers across Australia and the data is collected from offers we have secured for candidates.



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I The Australian legal market

The Perfect Storm

Law firms of all sizes faced multiple pressure points contributing to a lack of recruitment and a retention crisis. It was the perfect storm that exacerbated the war for talent that we are so often reading and hearing about. In response, law firms increase salaries significantly. For many lawyers this saw their salaries increase by as much as 20% over the past 12 months.



Growth in demand for law firm services

- Emerging from the pandemic, demand for legal services exploded across all practice groups.
- High utilisation and realisation rates of associates dramatically increase.



The 'Great Migration' – the US and UK market come online

- The US and UK market were already well ahead of the growth curve which led to unprecedented demand for Australian associates.



One way migration – Australian border remained closed

- Our border closures prevented overseas lawyers entering the Australian market.



Aggressive increase in associate hiring

- Australian law firms began to aggressively recruit across all practice groups. The dramatic increase in roles was driven from expanding teams and departing lawyers.



A resurging in-house market

- Headcount restrictions faced by financial institutions and corporates were lifted. The general counsel function was already at the extreme end of efficiency and resource allocation and hired at record levels once restrictions were lifted.



Battle for retention

- Law firms' strategy first centred on retention with a mid financial year review
- With intense competition for talent, offers were consistently above market rates which resulted in the market rate shifting significantly
- Significant sign-on bonuses, normally unseen in the Australian market, started to become the norm
- End of financial year review on wages and bonuses resulting in a momentous shift in the associate pay scale.



Compensation peaks – cultural shifts

- Law firms fully embraced a cultural shift towards well-being and work-life synergy as associates seek a more flexible work schedule and more vacation time.

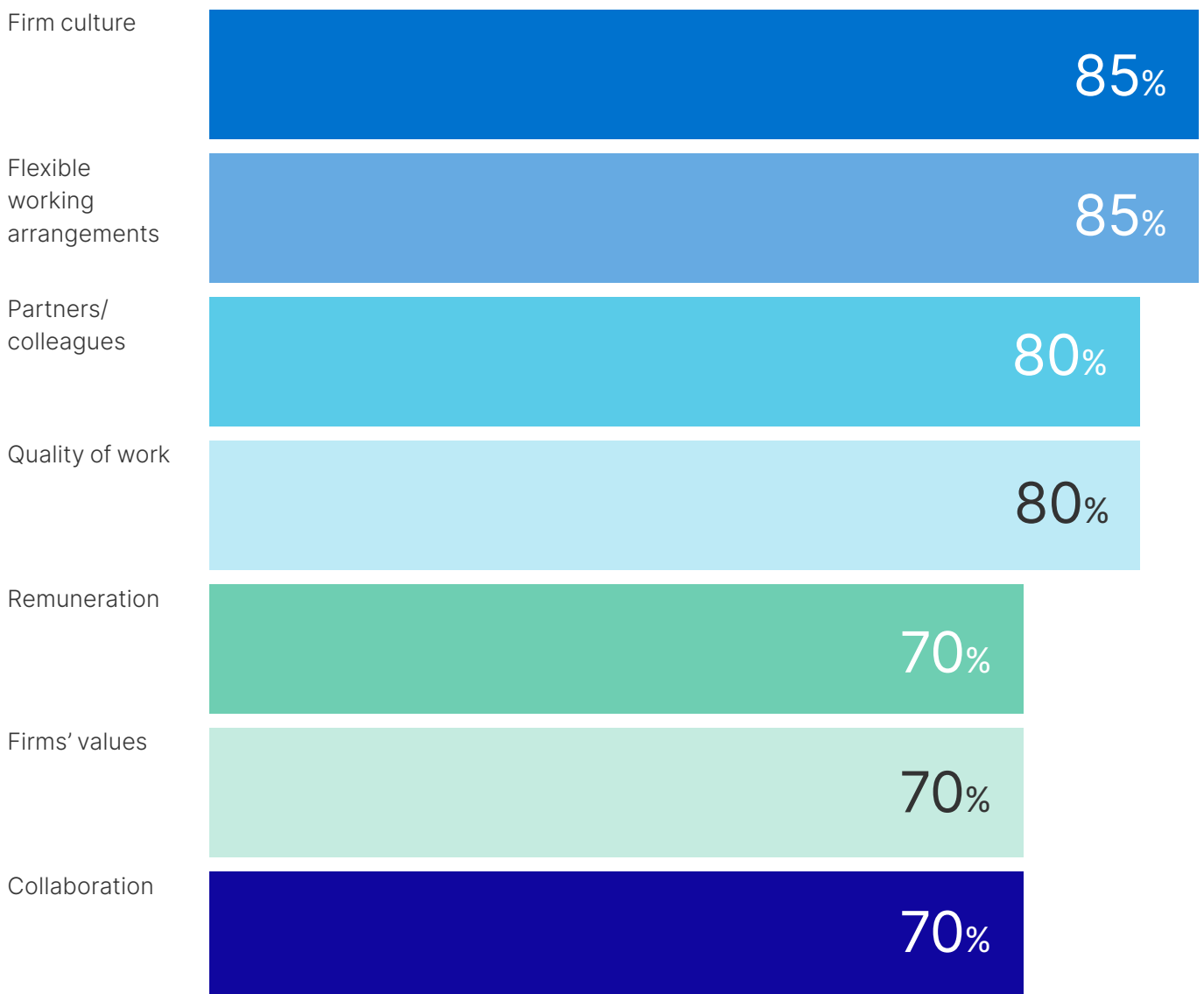


I Benefits

Benefits

We have added benefits into our salary guide as the associates we now deal with are placing more emphasis on work/life synergy, mental well-being, leisure and other activities outside of work than was evident in previous generations. To succeed in this war for talent, law firms will need to focus as much on these issues as on compensation levels to weather a potential retention crisis.

Drivers of retention



Key Benefits

The rapid development of flexible and remote working arrangements and removal of the 'presenteeism' culture of the pre-pandemic workplace has become integral to a law firm's culture. The adoption and ongoing development of the hybrid working model will remain a key focus for law firms. The pandemic has normalised flexible

working arrangements with key benefits of reduced commuting time, more time with family and children, and flexibility in work downtime. This needs to be balanced by some partners desire to return to the office as well as associates dealing with the blurred line between work and home.



Work from home policy

- Flexible remote working arrangements have been established by majority of firms
- Home office set-up cost reimbursement
- Breakfast or hot lunch increasingly offered on collaboration days in the office.



Global working arrangement

- Firms offering one to two weeks per year where associates can work remotely anywhere in the world.



Global and best friend secondments

- We have seen a number of hires where a global secondment or transfer has been confirmed as part of the offer process.



Law firm values and vision

- Creating clear and precise core values and vision.



Gender neutral parental leave

- No threshold on eligibility
- 26 weeks paid parental leave
- Encouragement and higher uptake of males taking six months parental leave
- Superannuation paid during unpaid periods of parental leave
- Miscarriage leave for both parents
- Non-billable expectations during return to work period.



Bonus

- Transparency of bonus structure with a move away from discretionary bonuses.



Focus on mental health and wellness

- Annual payments for health and wellness services such as gym memberships and yoga classes
- Psychology counselling services
- Flu vaccinations
- Skin checks
- Emergency childcare.



Bonus annual leave

- Option to earn or purchase additional annual leave.



Health insurance

- Private insurance for employees and their immediate family.



In-house educational programs based on a practice area



Shadowing and mentor programs



Continuing education opportunities



Pro bono and diversity initiatives

I Salaries

Australian Associate Salaries

Recruiting trusted and talented associates for law firms of every size

We have been a market leader in law firm recruitment for more than three decades, connecting global firms and niche practices with the highest quality legal

talent. We are trusted by partners to expand their law firms, and by associates and partners at all levels to develop their careers.

All salaries are inclusive of superannuation and exclusive of bonuses.

Sydney

	Mid-Tier (AUD)	Top-Tier/International (AUD)
1 PQE	\$85,000 - \$105,000	\$100,000 - \$115,000
2 PQE	\$90,000 - \$125,000	\$125,000 - \$140,000
3 PQE	\$105,000 - \$135,000	\$135,000 - \$154,500
4 PQE	\$125,000 - \$155,000	\$145,000 - \$165,000
5 PQE	\$130,000 - \$160,000	\$150,000 - \$178,000
SA 1	\$145,000 - \$180,000	\$180,000 - \$210,000
SA 2	\$165,000 - \$200,000	\$190,000 - \$235,000
SA 3	\$180,000 - \$210,000	\$195,000 - \$264,000
SA 4	\$185,000 - \$225,000	\$220,000 - \$280,000

Melbourne

	Mid-Tier (AUD)	Top-Tier/International (AUD)
1 PQE	\$78,000 - \$90,000	\$95,000 - \$115,000
2 PQE	\$85,000 - \$120,000	\$110,000 - \$135,000
3 PQE	\$95,000 - \$132,000	\$120,000 - \$152,000
4 PQE	\$110,000 - \$145,000	\$130,000 - \$160,000
5 PQE	\$120,000 - \$150,000	\$140,000 - \$165,000
SA 1	\$140,000 - \$165,000	\$160,000 - \$190,000
SA 2	\$160,000 - \$185,000	\$170,000 - \$205,000
SA 3	\$170,000 - \$200,000	\$190,000 - \$210,000
SA 4	\$175,000 - \$215,000	\$195,000 - \$230,000

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Brisbane

	All law firms (AUD)
1 PQE	\$72,000 - \$90,000
2 PQE	\$85,000 - \$112,000
3 PQE	\$100,000 - \$125,000
4 PQE	\$120,000 - \$142,000
SA 1	\$155,000 - \$170,000
SA 2	\$160,000 - \$180,000
SA 3	\$170,000 - \$195,000
SA 4	\$185,000 - \$215,000



International Associate Salaries

We have an extensive global network and unrivalled reach – with trusted experts on the ground across 13 international locations including London, New York, Hong Kong, Singapore and Dubai.

All salaries listed are base salary and exclusive of bonuses.

United Kingdom

	Silver Circle Firms (GBP)	Magic Circle Firms (GBP)	US Law Firms (GBP)
NQ	95,000 - 120,000	107,500 - 125,000	147,000 - 175,000
1 PQE	100,000 - 123,000	110,000 - 136,000	150,000 - 185,000
2 PQE	115,000 - 130,000	120,000 - 152,000	165,000 - 200,000
3 PQE	120,000 - 135,000	125,000 - 163,000	170,000 - 210,000
4 PQE	125,000 - 140,000	130,000 - 176,000	180,000 - 220,000
5 PQE	135,000 - 160,000	140,000 - 185,000	190,000 - 230,000
6 PQE	140,000 - 170,000	150,000 - 200,000	Discretionary

North America

	US Law Firms (USD)	Pro-rated Bonus (USD)
1st year	215,000	20,000
2nd year	225,000	30,000
3rd year	250,000	57,500
4th year	295,000	75,000
5th year	345,000	90,000
6th year	370,000	105,000
7th year	400,000	115,000
8th year	415,000	115,000

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Middle East

	Magic Circle Firms (AED)	International Law Firms (AED)	US Law Firms (AED)
NQ	450,000 - 500,000	400,000 - 440,000	500,000 - 700,000
1 - 2 PQE	490,000 - 580,000	440,000 - 520,000	550,000 - 750,000
2 - 5 PQE	550,000 - 760,000	460,000 - 660,000	625,000 - 960,000
5 - 7 PQE	700,000 - 875,000	600,000 - 800,000	700,000 - 1,200,000
8 PQE +	800,000+	750,000+	800,000+

Hong Kong

	International Law Firms (HKD / monthly)	Offshore Law Firms (USD)	US Law Firms (USD)
NQ	75,000 - 90,000	108,000 - 122,000	135,000 - 180,000
1 PQE	78,000 - 95,000	115,000 - 135,000	215,000
2 PQE	85,000 - 100,000	125,000 - 150,000	225,000
3 PQE	90,000 - 115,000	135,000 - 165,000	250,000
4 PQE	95,000 - 125,000	155,000 - 185,000	295,000
5 PQE	100,000 - 140,000	163,000 - 210,000	345,000
6 PQE	115,000 - 150,000	175,000 - 230,000	370,000
7 PQE	120,000 - 160,000	195,000 - 250,000	400,000
8 PQE+	155,000+	230,000+	415,000+

Singapore

	UK Magic Circle Firms (SGD)	UK Non-Magic Circle Firms (SGD)	US Law Firms (USD)
NQ	182,000	110,000 - 170,000	-
1 PQE	195,000	125,000 - 185,000	215,000
2 PQE	219,500	135,000 - 205,000	225,000
3 PQE	238,000	145,000 - 225,000	250,000
4 PQE	260,000	160,000 - 250,000	295,000
5 PQE	283,500	175,000 - 280,000	345,000
6 PQE	300,000	190,000 - 290,000	370,000
7 PQE	310,000	210,000 - 300,000	400,000
8 PQE+	336,000	230,000+	415,000+

About Taylor Root

We are a global legal, risk and compliance search and recruitment consultancy and have been a market leader for more than 30 years.

We help global law firms and businesses to build and expand their legal, risk, compliance and corporate governance functions. Whether you're hiring your first In-house Counsel, expanding your associate team in a certain practice area or expanding your risk department internationally, we partner with businesses at every step of your journey.

Our services include contingent and retained search, permanent, temporary and interim recruitment as well as consultancy solutions.

Wherever we operate we have made an impact, from Düsseldorf to Dubai, New York to Shanghai or Milan

to Melbourne. From pioneering specialist recruitment in particular locations, to shaping how our clients have approached hiring, our influence is evident everywhere.

Today, we have 13 international offices – a truly global network of search and recruitment experts.

Put simply, no one can match our global reach, or our history.



Get in touch

Contact one of our expert consultants – they have vast industry experience and an extensive understanding of every global market that we cover.



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