

2018 ALPMA/McLeod Duminy NZ Legal Industry Salary & HR Issues Survey

Key findings



Salaries increased across all position groups in 2018

Salaries increased across all position groups in 2018, with an average rise of 6.2%. Solicitors/lawyers, executive and senior management employees took home pay 8% higher than in 2017. Support personnel also received higher salaries, with administration staff salaries increasing by 7% and secretarial support personnel receiving average wage increases of 2%. Legal executives took home salaries 3% higher than in 2017.



Continued employment growth expected

Reflecting national forecasts of growth in employment in the services sector, 50% of legal firms expect to increase the number of staff at their firm in 2018. This follows employment growth amongst 44% of participating firms in 2017. Consistent with 2017, three quarters of firms expect to employ solicitors/lawyers and legal executives this year, with 70% of this employment expected to facilitate firm growth.



Wages expected to increase

As well as increasing employment, wages growth is likely to be strong, with nearly three quarters (72%) of firms expecting salaries to increase by CPI or above in 2018. While down from 2017, half of respondent firms (50%) expect to negotiate pay increases with staff above CPI. Consumer price index (CPI) adjusted wage increases are anticipated by 22% of firms. Only 2% of firms expect a wage freeze, with no change to salaries over the coming 12 months.



Bonuses and incentives to supplement salaries

The majority of firms (56 percent) supplement salaries with bonus payments available to staff – 15% more firms offer bonuses than last year. For fee-earners, bonuses are calculated on their individual financial performance – usually based on fees they generate for the firm – while bonuses for other staff mainly relate to discretionary individual performance measures. Most lawyers can expect to receive an additional 5 percent of their base salary in bonuses, senior managers can expect between 3 and 5 percent, while support staff can expect less than 2% of base remuneration from bonus payments.



Staff turnover lower than 2017

Average staff turnover in the legal industry was 14% in 2018, down from 18% in 2017. At 14%, consistent with last year, turnover is lower amongst smaller firms.



Talent retention and attraction remain the biggest challenge

Developing strategies to recruit quality staff and retain talented employees remain the biggest challenges for New Zealand law firms in 2018. Ninety percent (90%) of firms indicate that they struggle with retention and talent management, while 87% continue to rate recruitment a top HR challenge. Despite this, only 17% of firms have a proactive talent sourcing strategy and only 37% use recruitment referral incentives to encourage staff to recommend employment at the firm.



Family friendly working conditions common, although few firms offer additional parental leave

With family friendly working conditions and parental leave programs increasingly necessary tools for staff attraction and retention, it is positive that flexible working conditions are common in law firms in New Zealand. Eighty two percent (82%) of firms allow their staff to work flexible hours, 65% provide connectivity that enables remote working and 58% provide additional leave. Generous parental leave schemes, however, are less common, with only 19% of legal firms in New Zealand providing entitlements over and above government schemes.



Gender imbalance persists

While the legal industry remains dominated by women, with 71% of all staff in the industry female, perceptions of a gender pay gap have increased. Thirty one percent (31%) of respondents believe there is a gender pay gap in the industry, up from 24% last year. Women also continue to be under-represented amongst partner ranks, making up only 23% of equity partners in New Zealand law firms represented by the survey.

