


Partnership survey: Growing firms ramp up demand for lawyers

EXCLUSIVE

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Legal partnership promotions have returned to pre-pandemic levels and law firms have embarked on a hiring spree of lawyers and graduates, as they respond to booming work levels and make up for lost ground despite ongoing uncertainty due to Covid-19.

The Australian's legal partnership survey, conducted by Eaton Strategy + Search, reveals partnerships at the nation's top law firms grew 4.3 per cent over six months.

The 41 leading firms appointed 209 new partners in the six months to July 1, the strongest mid-year appointment figure in at least 10 years. However, new partner appointments over 12 months were still down on pre-pandemic levels, with a total of 341 partners appointed compared with the previous year's 462.

Non-partner fee earner numbers jumped 5.1 per cent and graduate recruitment was up 150 per cent compared with the previous six months.

The growth comes after firms shed about 3.1 per cent of lawyers and many slashed their graduate intakes in the second half of last year.

Total fee earner numbers, excluding partners, have jumped 45 per cent over five years, from 7169 lawyers in July 2016 to 10,367 lawyers this year, at those firms which have consistently participated in The Australian's survey.

HWL Ebsworth, which walked away from an attempted float last November, has the nation's largest partnership, with 262.8 full-time equivalent partners. The firm is the third-largest law firm in Australia, after Minter Ellison and Herbert Smith Freehills – which have more fee earners in their ranks (975.1 and 892.6 respectively, compared with 729.9 non-partner lawyers at HWL).

Minter Ellison – whose chief executive Annette Kimmitt departed after criticising the firm's representation of former attorney-general Christian Porter – has the second-largest partnership (251.7 partners). The next largest partnerships were King & Wood Mallesons (167.7), Clayton Utz (164.6), Ashurst (164), Herbert Smith Freehills (151.4) and Allens (143.8).

It is becoming increasingly difficult to make partner at the top-tier firms, with partner numbers at those firms growing just 1.4 per cent – a third of the average. There are now 4.6 fee earners per partner at the top-tier firms, compared with 2.5 for all firms.

HWL Ebsworth managing partner Juan Martinez said it had been “an interesting year of challenges and opportunities” for his firm. While Melbourne had been challenging to manage, in all offices, results and productivity levels were as good as any the firm had seen before.

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Mr Martinez said contrary to media reports, the IPO process had been positive; it had increased the firm's profile and exposed it to new markets but there was no “desperation” to float.

“If you're selling a car and you don't get the price you want, you either sell at a discount or you keep the car,” he said. “There was no reason for us to go below the level we indicated was our bottom level.”

The firm had achieved annual growth of 10 per cent to 20 per cent for 20 years, and that would continue, he said.

“Our position is clearly we had a trend line of being the most acquisitive and fastest growing firm in the country for many, many years and we intend to continue to do that,” he said.

“If we had floated, obviously it would have presented another platform to do a whole host of other things.” However, it was no longer on the agenda.

Ashurst was a standout among the top-tier firms, growing its domestic partnership 5.7 per cent. Global managing partner Paul Jenkins said it was a financial year of “two halves”. There was renewed confidence in all of Ashurst’s 29 global offices after a pandemic-related slowdown in the first half. In Australia, cross-border work was flowing again and there was a “hot market” for legal recruitment. But this was still tempered by caution. “No one is sure what the next six to 12 months is going to hold,” he said.

The reopening of the nation’s international borders would benefit all Australian businesses, and global firms such as Ashurst, he said. “We would like to see the borders open as soon as it’s sensible to do so,” he said.

Herbert Smith Freehills executive partner Australia Andrew Pike said the firm was seeing many clients “investing with confidence” and it was grateful to be supporting them. While its total domestic partner numbers grew just 0.1 per cent over six months, Mr Pike said it had still appointed eight new partners over the past 12 months – evidence it “looked through” various cycles and was focused on a long-term strategy.

Swaab experienced the strongest partnership growth (42.7 per cent). Managing partner Mary Digiglio said the firm’s “major growth” had been in property but no areas were subdued.

The next fastest growth was at mid-tier firm Piper Alderman (13.8 per cent), while US-firm Jones Day grew its local partnership 11.2 per cent and legal disrupter Keypoint Law

grew its partner numbers 10.9 per cent. This was closely followed by Squire Patton Boggs, with 10.8 per cent growth.

Many law firms still have a substantial proportion of staff working from home each day. Gilbert + Tobin chief people officer Anna Sparkes said 60 to 70 per cent of lawyers were in its Sydney office each day, while 85 per cent had returned at least two days a week.

Colin Biggers & Paisley managing partner Nick Crennan said at his firm, 44 per cent of lawyers in Sydney were in the office each day, 61 per cent in Brisbane and 37 per cent in Melbourne. The firm would reassess its office space towards the end of its leases, he said.

Addisons managing partner Kieren Parker said the firm intended to double its graduate intake next year.

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