



2021 MELBOURNE ACCOUNTING MARKET

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WE ONLY DO ACCOUNTING

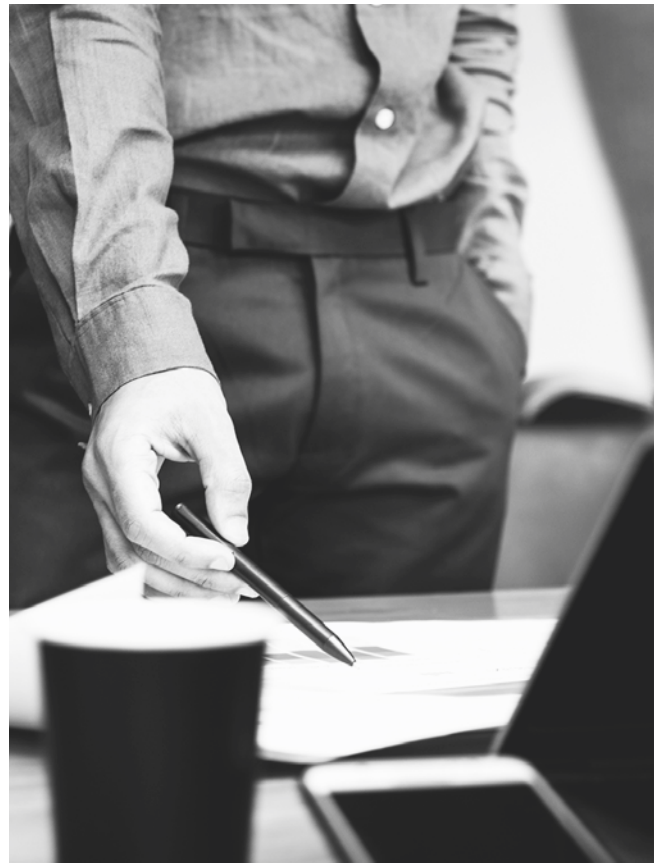


COVID-19 IMPACT

COVID-19 has impacted finance functions across Melbourne since February 2020, however the demand for accountants remains very strong. Many companies across Melbourne are recruiting for their accounting functions.

- All positions in accounting are in demand including Accounts Payable, Accounts Receivable, Payroll, Financial Accountants, Management Accountants and Finance Managers. Demand is strongest in the salary range of \$100k to \$140k.
- The demand for accountants is being driven by three key factors:
 - **Newly Created Positions**
Many companies have operated with lean finance functions for a numbers of years and the pressure of the 2020 COVID-19 year has shown the need to increase staff numbers in finance functions.
 - **Project Demand**
Many companies delayed projects in the 2020 COVID-19 year and are now looking to double down in 2021 and complete the project workload of 2020 and 2021 in a single year.
 - **Multiplier Effect**
Many people were unable to change jobs in the 2020 COVID-19 year and are now changing jobs. This creates a Multiplier Effect of each person resigning in 2021 creating an opportunity for someone else to gain a new position.

A key observation has been the delineation between companies impacted negatively by COVID-19 and those that have had no impact or in fact benefited from COVID-19. Never before have we observed such an unusual balance between different industry segments.





NATIONAL JOB MARKET

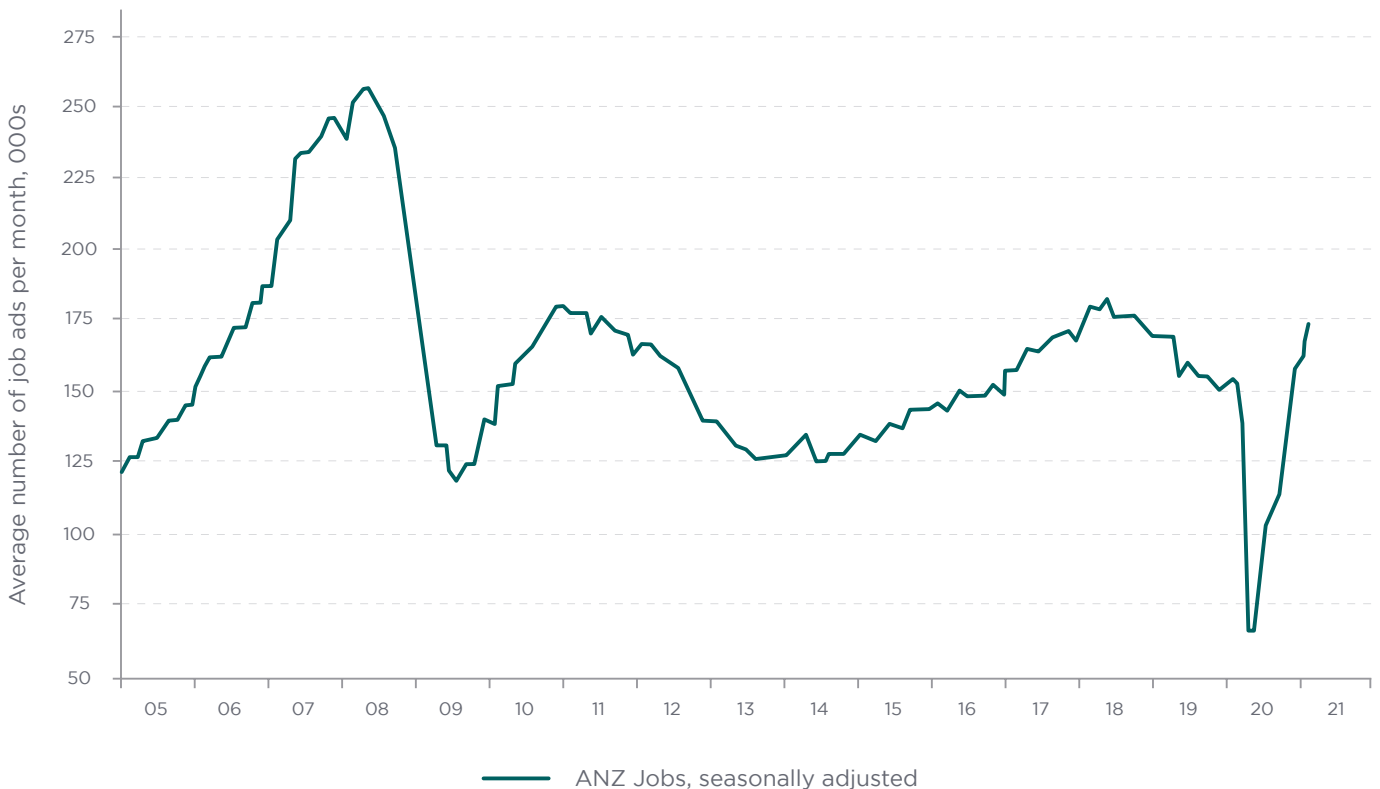
Below is the ANZ Job Ads Index which shows historical job ad volumes over many years:

- Across Australia, Job Ads are rising in a consistent trend month on month. This trend began in June 2020 and Job Ads are higher than they were in 2018.
- The economists at ANZ forecast that Job Ads will continue to rise throughout 2021. It is clear there has been a very sharp V shaped recovery in jobs growth across Australia.
- The ANZ Job Ads Index graphs supports our view that the demand for accountants is very strong. Many companies believe it is currently very difficult to source good quality accounting talent.



ANZ JOB ADS INDEX:

Source: ANZ





SALARY AND BONUS TRENDS

REVISING THE IMPACT OF COVID-19:

- Almost all accounting functions are back to full time work and any reduction in salary or hours has been reversed. Effectively all finance functions have returned to the status quo of pre COVID-19 levels in terms of remuneration.
- In the 2H of 2020 we observed people working reduced hours expressly changing jobs to secure a full time position and corresponding income – this is no longer required given finance functions have all returned to full time hours.
- Throughout 2020 very few accounting functions went through redundancy programs.
- Possibly the above observations are the result of finance being such a key function within a business and the need for finance to continue to deliver outcomes.

ACCOUNTING SALARIES:

Professional market \$250k+:

- Professional salaries slowly trend up year on year, the most significant determinant of these salaries is the success of a company. Where a company is performing well, it can be expected that remuneration will increase annually. However, where company performance has been limited, it is very common for remuneration to remain static.
- CFO salaries for mid-sized companies with revenues between \$30m to \$200m have increased. Previously, we could recruit a CFO at \$250k, the salary banding is now firmly in the range of \$250k - \$350k.

Mid-market \$140k – \$200k:

- Salaries at this level typically increase by \$5k-\$10k annually. However, for 2021, companies are providing increases of \$5k-\$15k. That is, some high performing finance executives are being rewarded further with substantial salary increase of \$15k+. This reflects the trend for companies to reward their best performers with a view of retaining high potential people in their finance function.

Support market <\$120k:

- Support market salaries typically increase by \$3k to \$5k annually. For 2021 this has remained constant.

First mover CA's from KPMG, EY, PwC and Deloitte:

- As is often the case when there is strong demand for accountants, the salary levels for Chartered Accountants moving out of KPMG, EY, PwC and Deloitte have all increased. Typical 2021 first move salaries are:
 - 3-year CA \$90k
 - 4-year CA \$100k
 - 5-year CA \$115k
 - Manager CA \$125k
 - Director CA \$175k

Bonus structures:

- Bonus structures are very consistent and have not changed a lot over the past 3 years.
- More often than not, most bonus arrangements are “discretionary”. In some large, structured companies, a formal bonus structure may be in place with weighted percentages for business and company performance. Typical bonus percentages include:
 - <\$100k: Often no bonus component
 - \$100k to \$200k: Typically 10%
 - \$200k to \$300k: Typically 20%
 - \$300k+: Typically 20% - 40%, with listed companies having both a Short Term Incentive and Long Term Incentive component



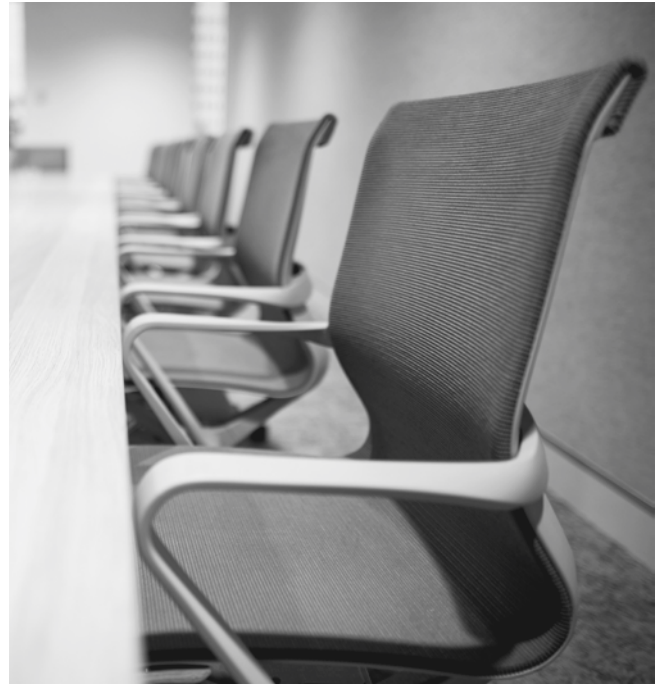


STRUCTURE OF ACCOUNTING FUNCTIONS

CENTRALISED OR DECENTRALISED ACCOUNTING FUNCTIONS:

In some of Australia's largest companies there is now a clear trend to decentralise accounting functions back out to the divisions rather than having a large, centralised shared services team. This trend will continue in 2021. The expectation is that a decentralised accounting team will be closer to the business and provide far better commercial insight.

COVID-19 and the creation of the ability to work remotely has played a key role in shaping the centralized versus decentralized accounting function debate. The value of a centralized function includes the idea that accountants in a centralized group head office function are better placed for stakeholder management and ideas sharing through working in close physical proximity. This notion has been dispelled with the proven remote working arrangements of many companies.



EMPLOYER CHALLENGES:

Given that many accounting teams have been through multiple cycles of process improvement and cost cutting, most accounting functions are efficient and lean. Accordingly, when an individual resigns, many companies look to employ a person who has the skill set to complete the position immediately rather than employing a person who will grow into the role. The challenge for a candidate is that they may well find themselves making a lateral career move - completing the same role at a different company without any career development or growth.

For 2021 with the demand for accounting staff being high, many candidates are able to choose between roles. Accordingly, in 2021 companies will need to be open to hiring someone who will grow into a role.

In the last two years we observed the best companies were able to accelerate a recruitment process for a standout person whom they wanted to secure for their business. For example, a typical recruitment process may take 10 business days from first interview to offer, however a nimble company would accelerate this into a 4-day turnaround for the right individual. This will continue in 2021 with some companies using this accelerated model as a deliberate strategy to gain an advantage.





SPECIALIST FUNCTIONS

TAX | TREASURY | CORPORATE DEVELOPMENT | AUDIT

The accounting functions of Tax, Treasury, Corporate Development and Audit are all becoming increasingly focused and smaller in size. In some companies the functions have been outsourced entirely to PwC, Deloitte, EY, KPMG and other specialist consulting firms. For example, Tax functions are almost a third of the size of what they were 10 years ago in many companies, excluding the banks and large mining companies. We expect this trend to continue in 2021.



THE DYNAMICS OF JOB SEARCHING

JOB SEARCHING:

Headhunting is the most effective channel for sourcing high calibre accounting talent. Interestingly, headhunting now occurs for all levels of roles, not just senior level professional positions. At ThompsonCook, we have a view that almost everyone will consider a good opportunity that will grow their career.

The two dominant advertising channels for all jobs is Seek and LinkedIn.

Historically, the typical interview ratio on Seek is 1:30, only 1 person in 30 applications is interviewed. In the last two years this has increased to 1:45 – why? Because it has become harder and harder to find good quality accountants in Melbourne and we expect this to continue in 2021.

LinkedIn remains an excellent tool for company research and people research.

Press advertising has almost ceased for accounting positions as companies have found it to be prohibitively expensive.

JOB VOLUMES:

The dynamics of job volumes has changed in 2021 with a far greater volume of jobs in the salary banding of \$90k to \$120k.

For every 1 position at \$300k there are 2 positions at \$180k, 4 positions at \$120k, 8 positions at \$100k, 4 positions at \$80k and 1 position at \$65k.

OFF MARKET CANDIDATES:

With improvements in technology and social media, many of the better quality candidates can sit back and wait for jobs to be presented to them rather than actively engaging in the job search process. This trend will continue in 2021.



THE COST OF RECRUITING EMPLOYEES

PREFERRED SUPPLIER AGREEMENTS:

Most mid to large size companies will have some form of preferred supplier agreement.

Typical market fee rates are 16% below \$200k and 18% above 200k+. The large banks and government preferred supplier agreements are typically 3-5% below these rates. Broadly, most preferred supplier agreements have a lot of leakage.

Over the past 5 years, the trend has been away from recruitment suppliers presenting and pitching for preferred supplier agreements, rather companies apply a procurement model of issuing standard terms and conditions for all suppliers at fixed fee rates. In 2021 as the demand for accountants continues to grow, preferred supplier agreements are becoming less relevant as line managers just want access to the best available accountants.



FOCUSED ON MELBOURNE. EXPERTS IN ACCOUNTING RECRUITMENT, SALARY BENCHMARKING AND CAREER PLANNING.

We are here to assist organisations to create great finance functions. Our goal is to help clients and candidates navigate an increasingly competitive and challenging accounting talent market. Our team is astutely aware of the trends that have shaped accounting functions for almost two decades. We appreciate and understand the multiple roles and complex deliverables of finance functions. At ThompsonCook, discover better ways to gain recruitment advice and career planning insight.

Our clients want to deal with a different type of firm that is flexible, realistic and consistent when responding to needs. Our candidates want insight, support and transparency on how to maximise their careers.

	EXPERTISE CHALLENGE OPPORTUNITY
FOCUSED ON	Melbourne
EXPERTS IN	Accounting Recruitment Salary Benchmarking Career Planning
WE ARE	A team of 15 experts
WE ONLY DO	Accounting
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ALEXANDER THOMPSON
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MATTHEW COOK
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