

**EMBARGOED UNTIL AFTER DELIVERY ON 6 APRIL.
PLEASE CHECK AGAINST DELIVERY.**

MINISTRY OF LAW COMMITTEE OF SUPPLY 2016

HEAD R

PARLIAMENT, 6 APRIL 2016

RESPONSE BY

MINISTER FOR LAW, MR K SHANMUGAM SC

Madam Chairman,

[Seek Madam Chairman's approval to distribute handout on survey statistics]

1. I thank the Members who spoke.
2. Singapore has a strong reputation for upholding the rule of law.
3. In a recent survey:
 - (a) 92% of Singaporeans stated they had trust and confidence in our legal system;
 - (b) 96% agreed Singapore is governed by the rule of law;
 - (c) 92% agreed we have a fair legal system;
 - (d) 92% agreed we have an efficient legal system;
 - (e) 75% agreed that legal aid is accessible to those of limited means; and

National Archives of Singapore

**EMBARGOED UNTIL AFTER DELIVERY ON 6 APRIL.
PLEASE CHECK AGAINST DELIVERY.**

(f) 62% agreed our legal system is affordable.

4. These results reflect the collective hard work

put in by my Ministry, the Courts, the Attorney-General's Chambers, various agencies and those in the legal industry.

5. I thank them for their efforts.

6. We must continue to improve our legal system for the good of all.

7. Members have touched on some areas in which we can do more.

8. I will cover three main areas in my speech:

(a) First, what we are doing to grow the legal industry;

(b) Second, how we are helping small- and medium-sized Singapore law practices; and

(c) Third, how we are improving the civil and criminal justice systems.

SMS Indranee Rajah will cover the other cuts.

**EMBARGOED UNTIL AFTER DELIVERY ON 6 APRIL.
PLEASE CHECK AGAINST DELIVERY.**

A Growing the Legal Industry

9. There are two parts to our strategy to grow the legal industry:
- (a) First, establishing a conducive framework for law firms to grow; and
 - (b) Second, promoting the use of Singapore law.

Establishing the Framework for Law Firms to Grow

10. Mr Christopher de Souza and Asst Prof Mahdev asked how we plan to grow Singapore's legal sector, in light of the slowing economy but given the available opportunities.

11. Two conditions must be satisfied for the legal industry to grow:
- (a) First, the Government must provide the framework and a conducive business environment to support the industry.

National Archives of Singapore

This involves:

- i. upholding the rule of law;
- ii. updating our laws and frameworks to ensure their relevance; and
- iii. providing the necessary support or incentives.

**EMBARGOED UNTIL AFTER DELIVERY ON 6 APRIL.
PLEASE CHECK AGAINST DELIVERY.**

- (b) Second, and more importantly, the private sector must play its part. It must:
- i. Ensure it is in a position to attract high value work; and
 - ii. Be entrepreneurial, competitive and innovative in identifying and capturing opportunities.

12. The legal sector's prospects are dependent on the economy.

It will be impacted as the rate of economic growth slows.

13. But even if the economy slows down, our lawyers have exciting opportunities awaiting them.

(a) The world's economic centre of gravity is shifting towards Asia.

i. Asian economies, including ASEAN, have grown significantly over the years.

ii. They are expected to continue growing, especially as international trade and investment grows, as a result of:

1. Establishing the ASEAN Economic Community, to allow freer movement of goods, services, investments, skilled labour and capital, and

**EMBARGOED UNTIL AFTER DELIVERY ON 6 APRIL.
PLEASE CHECK AGAINST DELIVERY.**

2. Concluding agreements such as the Trans-Pacific Partnership or the proposed Regional Comprehensive Economic Partnership.

Increased economic activity in the region is likely to result in greater demand for quality legal services.

Our lawyers are well-placed to meet this demand.

- (b) We also expect certain sectors to do well despite the downturn:
 - i. We expect more work involving regional cross-border debt restructurings in adverse economic conditions.

Singapore is well-placed to serve as the lead jurisdiction for managing such complex work.
 - ii. Given Asia's infrastructure needs, for example, China's One Belt One Road initiative, the amount of legal work in the area of Projects and Infrastructure will increase.

National Archives of Singapore

14. Let me explain what the Government is doing to take advantage of these opportunities.
15. We offer the full suite of dispute resolution services, and have enjoyed some success:

**EMBARGOED UNTIL AFTER DELIVERY ON 6 APRIL.
PLEASE CHECK AGAINST DELIVERY.**

- (a) Singapore is also one of the most preferred seats of arbitration in the world;
- (b) 2015 was a record year for the Singapore International Arbitration Centre (“SIAC”),

with 271 new cases involving S\$ 6.5 billion in disputes being filed;
- (c) We set up the Singapore International Commercial Court (“SICC”) and the Singapore International Mediation Centre

to provide a broader range of dispute resolution services that address the needs of commercial users.

(a) Later this year, we plan to introduce a Mediation Bill to strengthen our mediation framework.

16. We are also studying, more broadly, other areas of potential growth that may be available to the legal industry.

SMS Indranee Rajah and Mr Chaly Mah co-chair a Working Group, under the Committee on the Future Economy, to identify:

- (a) Key areas of demand and potential growth;

**EMBARGOED UNTIL AFTER DELIVERY ON 6 APRIL.
PLEASE CHECK AGAINST DELIVERY.**

- (b) Strategies and capabilities to ensure our law firms remain relevant; and
- (c) How we can increase the export of services and seize the opportunities available abroad.

The Working Group has organised discussions with relevant players to seek their views on how to grow and develop the sector.

- 17. We are also helping the small and medium-sized firms in Singapore. I will return to this point shortly.
- 18. At the end of the day, law firms and lawyers must be ready and equipped to take advantage of these opportunities.
- 19. They need to step up against the competition and offer greater value to clients, such as by:
 - (a) Having stronger overseas knowledge and networks, to better serve businesses seeking to internationalise;
 - (b) Building deeper expertise and experience in key practice areas;
 - (c) Forging strong and extensive networks and relationships with their clients; and
 - (d) Innovating to improve service quality and delivery.

National Archives of Singapore

Promotion of Singapore Law

20. Another way to grow our legal industry is to promote the use of Singapore law, as Mr de Souza suggested.
21. Cross-border transactions tend to be governed by New York or English law, as parties prefer to use laws they are familiar with.
22. However, there are signs that Singapore law is becoming more popular.

A recent survey of those who handle regional work, shows Singapore law is the second most common choice to govern cross-border transactions, after English law.

23. My Ministry will continue supporting the adoption of Singapore law through education and promotional efforts.

(a) We encourage law firms, both local and foreign, to promote Singapore law to their clients.

(b) We work with agencies to engage companies on the benefits of adopting Singapore law in their cross-border contracts.

(c) We support our Law Schools in their quest to become global thought-leaders.

**EMBARGOED UNTIL AFTER DELIVERY ON 6 APRIL.
PLEASE CHECK AGAINST DELIVERY.**

The NUS Faculty of Law has set up four research centres covering areas of business, banking, financial and maritime law, and on Asian Legal Studies.

This will help produce a steady pipeline of high-quality legal talent and build a strong faculty.

It also allows Singapore to play a leading role in shaping or developing laws, where we have a strategic interest or comparative advantage.

B Supporting Small and Medium-Sized Singapore Law Practices

24. But even as we take a more international perspective as we seek to grow our legal industry, we remain mindful of the need to support small and medium-sized law firms.

25. These law firms are important, because they provide legal services to all types of businesses and the man on the street.

26. I will now address Ms Rahayu Mahzam's query on how we are supporting these law firms.

27. There are various initiatives and measures available to help law firms, including small and medium-sized firms.

**EMBARGOED UNTIL AFTER DELIVERY ON 6 APRIL.
PLEASE CHECK AGAINST DELIVERY.**

28. [Seek Madam Chairman's permission to distribute Handout on schemes]

If you look at the handout, the schemes provide support to firms seeking to develop new capabilities, to become more productive, or to expand to other jurisdictions.

29. Lawyers can use their SkillsFuture credit to pay for some of the continuing professional development courses offered by SAL, Law Society and our universities.

(a) SAL and INSEAD recently developed the "Law Firm Leadership Programme" to address the business challenges faced by law firm partners.

(b) UniSIM also plans to offer courses that are relevant to family and criminal law practitioners, when it is up and running.

30. We are also working with Law Society to identify how to strengthen our small and medium-sized law firms.

(c) Law Society is conducting a 6-month study to identify the technology and capability needs of these firms.

(d) This will enable us to provide support more directly and effectively.

**EMBARGOED UNTIL AFTER DELIVERY ON 6 APRIL.
PLEASE CHECK AGAINST DELIVERY.**

- (e) We encourage lawyers and law firms to participate in this study actively.

C Improving the Civil and Criminal Justice System

31. Mr de Souza asked about the reforms to improve the civil and criminal justice systems.

32. My Ministry is undertaking a broad-based review of our civil justice system,

from the time a dispute arises, until it is resolved in court or otherwise.

33. Some of the things we are considering include:

(a) Reviewing the framework for legal costs and fee structures to ensure affordability; and

(b) Enhancing judicial control over litigation.

34. Further details will be announced in due course, and we will engage the relevant stakeholders.

35. As for the criminal justice system, given how quickly technology has advanced and crime has evolved, our laws and practices must keep up with the pace of change.

**EMBARGOED UNTIL AFTER DELIVERY ON 6 APRIL.
PLEASE CHECK AGAINST DELIVERY.**

36. My Ministry conducts regular reviews of our criminal laws and practices to ensure:
- (a) Our law enforcement agencies have sufficient powers to keep Singapore safe and secure; and
 - (b) We have a fair and robust criminal justice system.
37. One area we are studying is
- (a) A review of the Community Based Sentencing regime, to consider whether and how it can apply to more persons who are suitable to be rehabilitated.
38. More details will be disclosed in due course.
39. SMS Indranee Rajah will take the remaining cuts.

--

National Archives of Singapore