

**MINISTRY OF LAW COMMITTEE OF SUPPLY 2016**

**PARLIAMENT, 6 APRIL 2016**

**RESPONSE BY**

**MINISTER FOR LAW, MR K SHANMUGAM SC**

Mr Chairman,

1. I thank the Members who spoke. As I deal with the questions, I will put some context to it.
2. We have a strong reputation for upholding the rule of law.
3. Essentially, in a recent survey, members will see:
  - (a) 92% of Singaporeans stated they had trust and confidence in our legal system;
  - (b) 96% agreed that Singapore is governed by the rule of law;
  - (c) 92% agreed that we have a fair legal system;
  - (d) 92% agreed that we have an efficient legal system;
  - (e) 75% agreed that legal aid is accessible to those of limited means; and
  - (f) 62% agreed that our legal system is affordable.

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4. These results reflect the collective hard work put in by the Government, the Courts, the Attorney-General's Chambers, and various agencies in the legal industry.
5. We thank them for their efforts. We will continue to improve our legal system for the good of all.
6. Members have touched on some areas where they think we can do more.
7. I will cover three areas in my speech:
  - (a) First, what we are doing to try and grow the legal industry;
  - (b) Second, how we are helping small- and medium-sized Singapore law practices; and
  - (c) Third, how we are trying to improve the civil and criminal justice systems.

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SMS Indranee Rajah will cover the other points.

**A Growing the Legal Industry**

8. First on growing the legal industry. Mr de Souza and Associate Professor Mahdev asked how we planned to do this.

9. Let me say this. There are always two aspects to issues like this. First, from the Government's part, we have to make sure we have a framework that is conducive for business environment. This includes:

- i. upholding the rule of law;
- ii. updating and making sure our laws and legal frameworks are relevant;
- iii. providing the necessary support or incentives; and
- iv. fundamentally, good governance as a whole. If we have poor governance, or if we were not successful as a country, then it is a pipe dream to talk about the legal industry growing.

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10. But at the same time, it is not just the Government. There is a part for the Government; there is a part for the private sector, the profession.

The profession must:

- i. Ensure that it is in a position to attract and handle high value work; and

- ii. Be entrepreneurial, competitive and innovative in identifying and capturing opportunities, because they are competing.

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

It will be impacted by the rate of economic growth. If the economy slows, then the legal industry, as a support industry, will be affected.

12. But even when the economy slows down, lawyers will have some opportunities.

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

- i. I have said this very frequently when I was the foreign minister, and as Asst Prof Mahdev mentioned just now, ASEAN is the seventh largest economy in the whole world. ASEAN economies have grown over the years.

By 2020, under current projections, it will have a GDP of \$4 trillion.

- ii. International trade flows will increase and international investment will increase. Establishing the ASEAN Economic Community, to allow freer movement of goods, services, investments, skilled labour and capital,

will help, if we have agreements like the Trans-Pacific Partnership or the proposed Regional Comprehensive Economic Partnership. It will increase economic activity.

(b) In addition:

- i. There is also likely to be more work involving regional cross-border debt restructurings. We are well-placed to serve as the lead jurisdiction to manage these sort of complex work, provided our lawyers are able to do that.
- 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.

13. Let me explain what the Government is doing to help our firms to take advantage of these opportunities.

14. In terms of creating the framework, we offer the full suite of dispute resolution services:

(a) We are 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\$ 6.23 billion in disputes. SIAC grew because of very targeted

and focused efforts by the Government to make sure it is internationally attractive. And we did away with some archaic rules that held it back;

- (c) Setting up of the Singapore International Commercial Court (“SICC”) and the Singapore International Mediation Centre to provide a broader range of dispute resolution services that will address the needs of the commercial users.
- (d) And as Mr de Souza noted, we introduced a Choice of Court Agreements Bill this week which will help to make our courts more attractive for resolving disputes.
- (a) Later this year, we plan to introduce a Mediation Bill to strengthen our mediation framework.

15. 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;
- (b) Strategies and capabilities to ensure that our law firms remain relevant; and

- (c) How we can increase the export of services and seize the opportunities that are available in the region.

The Working Group has organised discussions with relevant players to seek their views on how we can grow these sectors.

16. Asst Prof Mahdev specifically asked what is the role of the legal sector in industry transformation. As industry transforms, there will be a lot of work arising from the transformation itself. The new transformation will bring around more work, and the legal sector has to be prepared for that. We will support the universities to ensure that they train their lawyers for these new fields.

17. He also asked how can legal service providers be incentivised to help in industry transformation. Well, in a way, you are asking me how we can use taxpayers' money to help lawyers make more money through industry transformation. I am not sure that is a popular subject. But what we will certainly do, is to first help in the industry transformation, to make sure there are jobs available. We will help in the training of lawyers. We do invest very substantial amount there. As the Asst Prof knows, but probably in the other university, we helped set up a number of key centres to make Singapore the thought-leader in a number of fields. I will talk about that in a short while.

With all these help, it is now for the lawyers to go and see how they can take advantage of the situation.

18. We work very closely to create Singapore as a clear leader in Asia, which we are today. For example, having the SICCC. For example, the launch of the ABLI with the support of the Supreme Court. It only works in Singapore. It is not possible in other places because the Government works closely with the other stakeholders to put this forward, and in record time. So we look at the whole sector, and we work with everyone.

19. How do we help firms innovate? We have a number of schemes, and I will talk about this in a while.

20. We are focused more on the smaller firms, for example to try and take advantage of IT. But while we have schemes, and we have the money available, that take-up rate is not very high. SMS has written to the law firms. She has tried to engage them. We will continue trying. We can make them available, but people must make use of them.

21. As for the rest of the questions, I will try to touch on them in the context of my speech.

22. Our lawyers need to step up against the competition and offer greater value to clients, compared with the region:



- (a) This will require having stronger overseas knowledge and networks, to better serve businesses;
- (b) Building deeper expertise and experience in key practice areas;  
and
- (c) Forging strong and extensive networks and relationships.

We want our law firms to be successful, not just internally, but externally. And we will create the framework. We are actually putting taxpayers' money into it. But we focus more of the money on the smaller and medium law firms. The big firms, we also have some money on the table through a number of schemes, and it is for them to decide whether they will take them up.

### *Promotion of Singapore Law*

23. Mr de Souza suggested the promotion of the use of Singapore law.

24. Cross-border transactions tend to be governed by New York law, English law. Parties prefer to use these laws because of the law firms involved, because of the ultimate end purchasers of the bonds and instruments and so on tend to be around the world, and they tend to be more familiar with New York or English law.

25. But there are signs that Singapore law is becoming more popular. A recent survey of those who handle regional work, shows that Singapore law is the second most common choice to govern cross-border transactions, after English law.

26. My Ministry will continue supporting the adoption of Singapore law through education and promotional efforts. We cannot direct, but we can promote.

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

(b) We work with the agencies to engage companies, ultimate end users, on the benefits of adopting Singapore law in their cross-border contracts. We also look at our laws to ensure that they are friendly for people to use, in terms of international parties.

(c) We support our Law Schools in their aim to become global thought-leaders. Not just in Asia. So with our support, NUS Law Faculty has set up four research centres covering areas of business, banking, financial and maritime law, and on Asian Legal Studies. And when I say strong support, that includes money. This, we hope, will help produce a steady pipeline of high-quality legal talent and really build a strong faculty, a

strong core of practitioners. The aim is for us to play a leading role in developing and shaping laws, where we have a strategic interest or comparative advantage. So that is why these areas were chosen.

## **B Supporting Small and Medium-Sized Singapore Law Practices**

27. Specific to small and medium-sized law practices, we are aware that they may not be able to compete at this level with the bigger law firms or regional law firms. Ms Rahayu Mahzam asked how we are supporting these law firms. A number of initiatives and measures are available to help the law firms. Because there is too long a list, I will circulate it.

28. If you look at the handout, the schemes provide support to firms seeking to develop new capabilities, to become more productive, and 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 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, specifically 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) That will then enable the Ministry to provide support more directly and effectively – how they can access technology.

(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.

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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 that we are considering include:

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

(b) Enhancing judicial control over litigation – time, cost.

34. Further details will be announced in due course after we engage the stakeholders.

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

36. Ministry of Law and Ministry of Home Affairs regularly review the criminal laws and practices to ensure that:

(a) Our law enforcement agencies have sufficient powers; and

(b) We have a fair and robust criminal justice system that is fair to all sides.

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37. One area we are studying specifically is the Community Based Sentencing regime, to consider whether and how it can apply to more persons, so that it helps in their rehabilitation process. And this review of the criminal law system will be quite extensive. I have asked for it to be very extensive, and I said something earlier in the

speech relating to Home Affairs. We will release details when we are a little bit more down the road on this.

38. SMS Indranee Rajah will take the remaining cuts.

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