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Law and Foreign Affairs Minister K Shanmugam says it is his duty to flag outcome of oversupply, and his remarks last Saturday was not meant to dissuade people from entering the profession.

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BY TEO XUANWEI

SINGAPORE: In the midst of confusion and alarm resulting from his warning that Singapore could face an oversupply of lawyers in the coming years, Foreign Affairs and Law Minister K Shanmugam has set the record straight on the cause of a possible glut: The spurt in the number of Singaporeans studying to be lawyers overseas.

Also, his comments made at the Criminal Justice Conference on Saturday — asking aspiring lawyers to temper their expectations in terms of pay and job opportunities — were not intended to put people off pursuing law. Rather, it was his “duty” to flag the consequences of this trend, he said in an exclusive interview with TODAY on Wednesday (Aug 20).

Mr Shanmugam’s remarks have caused some anxiety among law undergraduates and the legal fraternity, as well as triggered public discussion on the issue.

Some questioned how there could be an oversupply after the recent moves — including the setting up of a third law school in Singapore — to produce more lawyers amid a growing legal services sector. Others wondered whether the glut stemmed from the inflow of foreign firms and lawyers after several cycles of liberalisation since 2008.

Mr Shanmugam said that while Singaporean graduates returning from overseas law schools could be the ones bearing the brunt of a possible job crunch at local firms, those from universities here may not escape unscathed. “For those intending to go overseas, what they will take from (my message) is ‘The numbers are huge ... and I need to understand that I may or may not get a training contract immediately.’”

He added: “For those studying law in Singapore ... the likelihood of getting a training contract (upon acceptance by a law firm) is very high here because law firms value (local law degrees) a lot. But because of the law of supply and demand — the starting salaries and increments and so on, used to be very good for lawyers — they need to understand that the market may change based on laws of economics.”

EXPECTED SHORTAGE OF PRACTICE TRAINING CONTRACTS

Among candidates who pass Part B examinations



SOURCE: CONTACT SINGAPORE AND SINGAPORE INSTITUTE OF LEGAL EDUCATION

'UNDERSTAND THE MARKET'

The third law school — to be set up at SIM University — will focus on family and criminal law. Mr Shanmugam said those citing the school as a reason for a possible glut are using a red herring, with the same going for those who felt it could be a result of opening the doors to foreign law firms and lawyers.

“It’s not as if the (number of lawyers) will go down if we don’t have a third law school. It is offering an additional option for those who are going to go overseas, and in a way that fulfils our needs.”

Mr Shanmugam also noted that the inflow of foreign practitioners does not add to the competition, since the vast majority of the 1,182 currently registered here are precluded from practising Singapore law. Hence, they do not compete for training contracts, which are offered only by local law firms.

Instead, the glut could happen because more and more Singaporeans are studying law overseas, he explained. Although the number of recognised overseas universities has remained at 35 since 2006, the total number of Singaporeans reading law in the United Kingdom has more than doubled to 1,142 between 2010 and last year, based on the Ministry of Law’s estimates.

In addition, there were 386 Singaporeans pursuing a law degree in Australian universities last year. The UK and Australia are the main sources of returning law graduates.

Pointing to this trend — driven by the greater affordability of overseas studies — Mr Shanmugam noted that the Government has no control over what people choose to study.

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“But I can then tell people, ‘Look, by all means study law. But be careful and understand the market, and if you intend to just study law and then come back and do something else, and you are not going to be too concerned if you don’t get a training contract, fine,” he said.

“But don’t assume that everyone will get a training contract because there is a limit to what the market can absorb. I can’t control what you study, but I think I have a duty to tell you what the market is like.”

Going by Nominal Value Added, the legal services sector has grown from S\$1.5 billion in 2009 to an estimated S\$2.1 billion last year.

But Mr Shanmugam added: “So I’m looking at the future and I’m telling people our economy is growing at 4 per cent, 3 per cent, 2.5 per cent, so you cannot expect the legal market to grow at 10, 15 per cent per year, whereas the number of students is growing at those kinds of rates.”

STRONG DEMAND FOR LOCAL LAW GRADS

Statistics from the Law Ministry showed that from 2010 to last year, the number of candidates passing the Bar examinations has been increasing. While the proportion of overseas graduates who passed the exam has hovered around an average of 28 per cent from 2011 to last year, it is expected to rocket to 41 per cent this year.

TODAY understands that there has been feedback from some overseas graduates who found it difficult to land training contracts.

The number of training contracts offered by law firms each year is determined by market forces. Mr Shanmugam said that his ministry is studying “how we can relax the requirements in a way that more people can get training contracts”.

According to universities here, prospects are healthy for local law graduates. In response to TODAY’s queries, National University of Singapore’s law dean Simon Chesterman said it continues to see strong demand for its graduates. Employment rates for the past two years have remained above 98 per cent.

“We have nevertheless resisted any suggestion that we should increase our intake above the current target of about 250 — in part to avoid saturating the market, but also because we prefer quality over quantity,” added Professor Chesterman.

The Singapore Management University also said the overall employment rate of its first two cohorts of law graduates was 99 per cent and 100 per cent, respectively. Its law dean, Professor Yeo Tiong Min, added: “Given the anticipated market situation, the Minister’s message on having realistic expectations is a very timely one.”

The total number of law graduates produced annually by NUS and SMU has increased marginally between 2011 and last year, from 334 to 369. The third law school is expected to take in 50 to 75 students yearly.