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THE STUDY ON THE MANPOWER NEEDS OF THE LEGAL SERVICES SECTOR OF HONG KONG: FINAL REPORT

INTRODUCTION

This study has been undertaken for the Education and Manpower Bureau as part of the review of legal education and training in Hong Kong. The review was initiated, and is being guided by a Steering Committee that includes representatives of the Law Society of Hong Kong, the Bar Association, the two law faculties and the Government. The study has been conducted by interviewing individuals and organisations, reading various reports and briefly surveying the situations in Australia and the UK. The executive summaries of the reports from Australia and the UK are included as Appendices 1 and 2. We have set out in Appendix 3 the questionnaires we have used and in Appendix 4 a list of the people whom we have interviewed.

The objective of the study was to identify trends in and factors that would have a significant impact on the demand for and supply of legal services in Hong Kong. No attempt has been made to quantify either the demand or the supply as any figures covering a 10 year period would be wholly unreliable however soundly based.

The study was commissioned in mid-December, 2000. Fieldwork started in the third week of January 2001 and was completed in March 2001 during which 59 people in Hong Kong were interviewed. The study has been conducted and this report is presented by GML Consulting Limited in association with GHK International (HK) Limited.

CHAPTER 1 – THE FUTURE OF HONG KONG

BACKGROUND

The demand for legal services in Hong Kong will be driven by the development of Hong Kong in the first 10 years of the 21st Century. Hong Kong is poised to go forward to become the World City of Asia envisioned by the Chief Executive of the Hong Kong Special Administrative Region (HKSAR) or to miss that opportunity and start a long, slow decline in favour of Shanghai.

History and experience indicate that neither extreme is likely to eventuate. What is important from the perspective of the demand for and supply of legal sector services in Hong Kong is the extent to which either scenario occurs. The demand for and supply of legal services will vary significantly between the two scenarios even if either occurs only partially. In this chapter we review key elements that will contribute to the future of Hong Kong based on the work we have done in this study.

ECONOMIC AND POLITICAL FACTORS

Economic Factors

Hong Kong is among the top 10 trading economies in the world. Its GDP per capita is among the highest in Asia and ranks impressively against those of developed economies. It is still the major source of investment into the mainland and it is a preferred location for mainland investment. It has far more regional headquarters than its closest rival Singapore - this applies to both law firms and businesses generally.

Much is said about the high cost of Hong Kong compared to its neighbours in the Asia Pacific region. This comparison when taken in isolation is inaccurate. Hong Kong is the principal economic city of the hinterland it serves, i.e. much of Southern China and beyond. The appropriate point is the extent to which the interaction and integration of Hong Kong with that hinterland is efficient thus enabling Hong Kong to optimise its effectiveness and the value of the services it offers.

The current arrangements are reasonably efficient for Asia but there are many inefficiencies. These are recognised by business people and the Central Government of the People's Republic of China (PRC) as well as by the Government of the HKSAR. If nothing is done to change the existing inefficiencies or they become more prevalent then Hong Kong and its hinterland will both suffer as they are overtaken by other areas providing greater efficiency. In this regard, Shanghai and Taiwan are frequently named as threats.

Hong Kong enjoys the rule of law, freedom of speech and thought, important ingredients for economic development. Consequently, there is often much concern and pessimism expressed by its residents over many factors of life and the state of the economy. The impact of the bursting property bubble and the Asian economic crisis was severe compared to the experience of the previous ten or more years but nowhere as severe as the impact of the Asian financial crisis on other Asian countries. Hong Kong is recovering from that period, more solidly and arguably more rapidly than its supposed rivals. However, now the US economy is slowing; the prospect of an American recession gives fuel to pessimists but their opinions often overlook other important factors.

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The accession of the PRC into the World Trade Organisation (WTO) is likely to occur fully in the early part of the current decade. It will provide the much-touted opportunities for Hong Kong businesses. However, concern is expressed that it will lead to the diminution, even disappearance of Hong Kong's role as the "Gateway to China". There is reason for this concern but it is wrongly founded. The mainland will open up more to foreign investment after the PRC's accession to the WTO and it will provide both a domestic and an international market. The opening up will take time to be effective – practice will lag behind changes in law and regulation at different speeds in separate parts of the country and also in separate sectors of the economy. There is no way Hong Kong could practically be the gateway to the whole of China and it would be counterproductive to the interests of all parties if Hong Kong were to try to position itself as such. The PRC will have numerous gateways, principal among them in the next decade, Shanghai (primarily for the Yangtze basin) and Hong Kong (primarily for the Pearl River Delta).

Hong Kong is a financial, transport and telecommunications hub in Asia and should continue to be so during the current decade. It will attract mainland companies to list on its stock exchange and its key role will lead to other investment in Hong Kong by mainland companies. In parallel, Hong Kong will continue to attract international companies to set up their regional headquarters. There should be a net increase over the decade that significantly outstrips the numbers being set up in Singapore and Shanghai in the same period. Hong Kong will lose some regional offices to Singapore, not due to short-lived tax incentives but resulting from a shift in the key distribution of trade and business of those organisations from Northern or Eastern to Southern Asia. China offices will continue to migrate from Hong Kong to Shanghai and, gradually, other cities in the PRC.

Surveys of international companies indicate that currently their revenue activity in Asia accounts for 5% or less of their total sales on average. The majority of the companies surveyed have indicated that they wish to develop the Asian portion of their total revenue within this decade to 25% and higher. Equally importantly, many businesses in developed companies of medium size and larger have decided that they need to develop a significant presence in Asia where little or none now exists. Such companies would typically be looking to generate 10% of their total revenue from Asia by the end of the decade. Both types of business look to place their key regional decision makers in the established regional centres where they have all the facilities and support services they need. Applying those criteria, only Singapore and Hong Kong qualify for consideration and it is unlikely that this situation will change significantly during the decade.

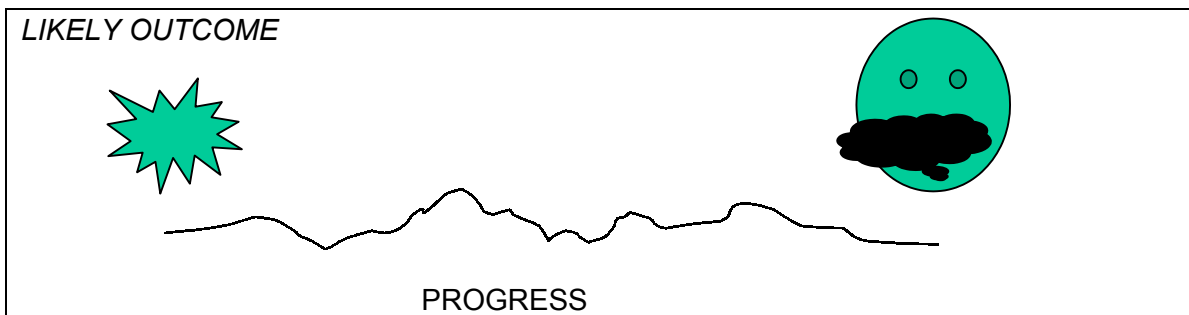
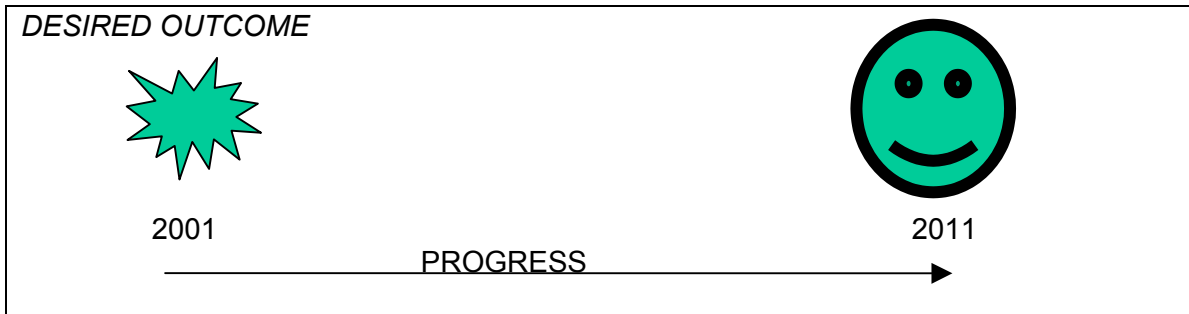
There is one principal constraint for Hong Kong in achieving substantial progress towards becoming the envisioned World City: the quality of the people working here. The quality of Hong Kong's educational output is increasingly coming into contact and competition with very competent and even some of the best output of other countries' educational systems and in many areas it is found wanting. There will not be a radical change in this situation within the first half of the decade and possibly within the whole decade. This means that Hong Kong's immigration policies and practices will have to be more facilitative and encouraging of competence than at present in order for Hong Kong to have the brainpower resource it needs. World cities such as London and New York are in countries that have immigration policies that have their restrictive aspects but make the entrance of competent people, regardless of nationality or ethnic origin, reasonably straightforward. The advantage to Hong Kong would be a larger international community that interacts with the resident population.

One other factor that will impact is pollution. Relative to many major developed cities, Hong Kong has severe pollution problems and the general perception is even worse. If

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this continues to be the case, certain of the people it needs from other countries will decline to come for this reason. This attitude will be encouraged or tempered by the points of the economic cycles that the other economies in which they might work have reached.

In summary, the diagrams below show the desired economic development of Hong Kong during this decade and the more likely outcome by 2011.



Political Factors

Hong Kong is in the midst of an interesting constitutional and political experiment. One Country Two Systems is a concept that has to be developed over time as there is no precedent that can usefully be used. This situation inevitably causes tensions due to the very fluidity of its nature.

From a business perspective the current system works well. Budgets tend to be passed, there is an aspect of supervision exercised by legislators over the affairs of the Government and extreme legislation tends not to find its way even as far as the table. Committed investors discount the political situation in Hong Kong in making their decisions as there are well-tested restraints on excessive abuse of power by the Government, which would be one of their main concerns.

The impact for Hong Kong is that the current situation encourages a growing number of the people of Hong Kong to express their opinions and to protect what they consider to be their rights. It could be argued that this development has little to do with the political situation and much to do with the maturing process all societies experience. What is certain is that the tensions in the existing system will increase.

During the decade, democracy will expand further and some form of accountability is likely to have been put into place perhaps shortly after 2007 or even earlier. This means there will be pressures on the Government to respond to public demands and there may be disruptions in the Government's legislative programme if the public's demands are not met to some degree. It is also likely that there will be an increase in regulatory legislation as Hong Kong develops further towards being the envisioned world city.

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On the evidence available publicly to date it can be argued that Beijing is being scrupulous in its efforts to prevent meddling in Hong Kong's affairs and to encourage a high degree of autonomy in Hong Kong because it realises full well that a centrally controlled Hong Kong would be unsuccessful in assisting China to modernise while becoming a significant drain on central resources. It can also be argued in the reverse if the evidence is viewed with unsubstantiated suspicion. The point here is not so much what Beijing has done or may do but whether people in Hong Kong in influential positions will act in ways detrimental to Hong Kong's future success due to their anticipating Beijing's intentions incorrectly or for more selfish motives.

The observation of Mr Ma Ying-jeou, the Mayor of Taipei, during his visit on the comparative political strengths and weaknesses in Singapore, Taiwan and Hong Kong is instructive:

Factor	Singapore	Taiwan	Hong Kong
Democracy	✓	✓	x
Rule of law	✓	x	✓
Freedom	x	✓	✓

One inference of his remarks is that while all three factors are important for a healthy, progressive society, the one factor that could be dispensed with or delayed is democracy. On this basis, Hong Kong is at an advantage over its two neighbours.

The political future of Hong Kong in the decade should contribute to rather than detract from Hong Kong's standing as a regional centre and an international city unless either the Government seriously mishandles sensitive issues or people in influential positions act frequently in a manner detrimental to Hong Kong's interests.

THE RULE OF LAW

In all our interviews we were told that the Rule of Law is very definitely the most critical factor in the continued success of Hong Kong.

Views on the current state of the Rule of Law included these comments:

- "It is the best in Asia"
- "It is already being described as no better than the best in Asia"
- "It's working well", "It's in good shape"
- "It's still just OK"
- "It's alright now but under strain"
- "What Rule of Law? No-one can afford it here!"
- "It's still in good shape but if the Government continues to try to override the Court of Final Appeal for political rather than good, constitutional reasons..."

One interesting comment was: "The Rule of Law is the whole law system; if any part is weak it detracts from the whole".

Some interviewees noted that the common law has been developed over centuries and has a life and force of its own. The traditions of respect for the common law built up in the UK are not so strongly rooted in Hong Kong since there has been less time for the community as a whole to build the respect. Some interviewees were concerned that there would be a tendency in Hong Kong to try to legislate for everything rather than allow the common law to form and develop precedents.

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The effectiveness of the Rule of Law will depend on:

- the court system being efficient
- alternative, cheaper yet effective dispute resolution mechanisms being used
- a courageous and competent judiciary
- people being able to afford justice
- competent and sufficient practitioners
- community and Government respect for the Rule of Law
- a suitable education system

We comment on all these aspects in the coming chapters.

The overall opinion we have discerned from our interviews is that the levels of fees being charged by a number of solicitors and barristers are declining but the overall cost of using the courts or obtaining an opinion solely in Hong Kong is still out of the reach of the majority of the population unless they are eligible for Legal Aid. This is a serious issue for many people and smaller businesses. We have been told that if it is not addressed effectively, there will be a decline in the number of people resorting to the providers of legal services or the courts to assist in solving their problems. With that decline, it is suggested, will come a diminishing respect for the Rule of Law, reducing its effectiveness.

We do not fully support that view. We believe that there is an issue of costs for individuals but, more importantly, the issue is the provider demonstrating the value that has been added for a client using that provider's services. At the moment, that is not happening in all cases but the changing nature of clients' demands and their greater sophistication (plus opportunity to be better informed) than 20 or even 10 years ago mean that there has been progress in this area in recent years.

As Hong Kong moves closer to being the World City instead of just another international city, there will be a need for access to more foreign trained lawyers (including mainland trained lawyers) advising on their own countries' and internationally applicable law. It will also be important that these lawyers are able to work closely with Hong Kong lawyers (whether locally or foreign trained) in meeting clients' needs. There will need to be open competition between the ablest and if this is stifled in ways that are considered to be unacceptable, restrictive trade or immigration practices then major business clients will obtain their advice from what they consider to be the most reliable and effective sources, which may well be located outside Hong Kong.

It is important that the Government is seen to respect the Rule of Law both in the enforcement of the law equally without favour to any party and in respecting the judgements of the Court of Final Appeal. Too frequent references to the National People's Congress for interpretation will damage the standing and respect for the Rule of Law. Equally the Government is urged by some interviewees to be careful in the statutory laws it develops to avoid generating a plethora of laws and regulations that impinge on basic freedoms, cannot be understood by the community generally and are enforced inconsistently either through lack of resources or too great complexity.

Some interviewees felt that Hong Kong should review its levels of awards of damages and compensation. We have been told that the current levels are well below those appropriate to a society at Hong Kong's stage of development. While we do not fully accept the argument that Hong Kong must replicate the UK and the US laws and courts in this regard, we do accept that a large minority of potential users may be deterred from

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using the legal system if the ultimate benefits are hardly sufficient to justify the time and costs to be incurred.

It will be important that the judiciary is able to recruit competent people to serve at all levels of the judiciary. The current judiciary is relatively young and new. Therefore, not surprisingly, they are seen to be inexperienced by some interviewees but they are said to make up for this by energy, enthusiasm and the willingness to learn. It may be important to continue to recruit from overseas some judges who have a wide exposure to the common law and can infuse that expertise into the judicial system in Hong Kong, despite any lack of knowledge of Chinese or local customs they may have.

In our view the Rule of Law will always be a sensitive topic in Hong Kong over which people can become deeply divided. The freedoms in Hong Kong, that are underpinned by the Rule of Law, enable members of its community to be pessimistic easily. We consider there is every chance that the Rule of Law will remain in a healthy state throughout the decade provided that not only the judiciary but also all providers of legal services have courage to support what they believe to be right when the occasion demands. If Hong Kong can maintain the effectiveness of the Rule of Law and the respect in which it is now so obviously held both in and outside Hong Kong, then this will be a key factor in Hong Kong's economic development and its achievement of being the world city in Asia. No country or city in the region has now and in the coming decade will have a legal system that is anywhere near as robust and independent as Hong Kong's.

CULTURE AND DEMOGRAPHICS

Culture

We have been told that the culture of the Hong Kong people generally is to:

- sort out differences with others by negotiation
- seek legal advice only for property matters, wills/probate and divorce
- view as inadequate people who do use legal services
- wish to go to Central for any legal business one has and to view with suspicion lawyers (solicitors) who have offices (even sub-offices) outside Central and Tsim Sha Tsui.

These are obvious generalisations but they do reflect the past predominant culture of Hong Kong. Many interviewees commented that the culture is changing. The points made in support of this view were:

- More people across the social spectrum are more aware of their rights and many of this group are prepared to do more to insist on or protect their rights
- Hong Kong, like any other developed society, will go through a phase where it is acceptable to seek legal advice and take disputes through the legal system
- The younger professionals are more willing than their parents to employ providers of legal services but expect demonstrable value for money
- The older culture of families caring for their elderly and working hard to progress financially and socially is being replaced by a culture of more instant gratification, less closely knit families and more self centred focus.

The trend depicted by several interviewees is that there will continue to be a cultural change that will gather momentum as Hong Kong becomes more affluent and develops its status as the World City of Asia. This trend will be fuelled further by:

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- developments in the mainland
- the lack of easy money now compared to the 1980's and earlier 1990s
- ever faster communication and access to much more information (this will facilitate the more intense cultural impact of fashions, trends and behaviours occurring in other developed countries)
- greater confidence within the community to enjoy and protect the basic freedoms Hong Kong has
- increased exposure to international influences in the workplace introduced by employers, competitors and colleagues.

Demographics

The users of legal services are distributed throughout Hong Kong. The largest users in terms of revenue tend to be businesses, which are also spread throughout Hong Kong. However, the major users tend to be situated within the area of North Hong Kong Island through Tsim Sha Tsui to Kwai Chung, Shatin and Kwun Tong. In certain industries, such as banking, investment and insurance the head offices of the principal users are clustered round the Central area of Hong Kong Island.

Due to the cultural preference for coming into the Central/Tsim Sha Tsui area to see a solicitor, many individual clients have grown up with a tradition of not looking for a local solicitor. Until relatively recently, it has been difficult for a solicitor or firm to establish a firm in the larger residential areas because such offices would be regarded as indicating some type of inadequacy or failure on the part of the solicitor or firm in question. One interviewee, a District Councillor, mentioned trying to find recently a solicitor or firm in the (large) District that was not openly affiliated with a political party. There were none.

These attitudes are changing and so are solicitors in their reaction. Increasingly there is trade and other interaction Northwards through Hong Kong into Shenzhen and Guangdong. On the Hong Kong side of the border new towns, such as Yuen Long and Fanling, have been developed and prove popular. A number of people, both working and retired, have migrated across the border to live while working or otherwise keeping links with Hong Kong. Consequently, some solicitors' offices have been established in these areas and more are expected to follow during the coming decade as the habit of consulting a solicitor regarding personal matters is expected to grow, especially among the younger middle and professional classes. As this habit develops it is expected that these users of legal services will increasingly look for convenience as well as competence, especially if they are looking for quick indicative advice or have relatively simple straightforward matters to be dealt with.

These trends mean there will be more demand for legal services in this decade by the middle classes, professionals and, to a lesser extent, across the social spectrum. There will also be an increasing demand for quality in those services and accountability. The equivalent of the "high street" lawyer has already started to emerge. This trend is expected to develop further during the decade, particularly in populous districts close to the border and, if the solicitors involved are competent, their practices can be expected to grow, diversifying into specialist areas of law.

DEVELOPMENTS IN STATUTE LAW

Many interviewees held the view that there would be a significant increase in statute law during the decade. The reasons given include:

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- there are a number of bills from the past that need to be resubmitted and may be passed, examples being in the areas of land titles and town planning
- other laws are being developed, such as the laws relating to corporate governance, amending other aspects of the Companies legislation and introducing a bill that would consolidate all insolvency law
- Hong Kong is maturing as a developed society and there will be a strong drive to introduce more employment and rights related legislation around discrimination, employment protection, revising upwards levels of awards and entitlements – much of this resulting in an increase in either tribunal caseload or additional tribunals or both
- developed economies are sophisticated societies that both require and demand extensive regulation and specialist legislation to contend with the many complex issues facing these societies; Hong Kong is reaching that stage of development and in this decade much legislation can be expected in various sectors.

These developments create demand among the community when either it comes in contact with new legislation or that legislation either curbs or changes the way it behaves. Much of the legislation will either be in the financial and communications areas or impacting financially and on communication systems and methods. The likely consequence is an increase in demand from the business community, both those already in Hong Kong and those yet to establish a presence here.

While this demand will provide opportunities for providers of legal services, it will be necessary for those providers to be competent specialists who can deliver practical solutions and assistance to their clients. If they are unable to do so the opportunity will be passed by larger business clients to foreign trained lawyers who have specialised in these areas and proved their competence.

CONCLUSIONS

No one can predict with absolute certainty the future over a 10 year period. The balance of probabilities is that Hong Kong will continue to develop economically and become more closely integrated with its hinterland; China's accession to the WTO should assist this process. Sustained by the Rule of Law, that assists Hong Kong in preserving its high degree of autonomy and basic freedoms, the economic development will spur and can be harnessed to assist Hong Kong to move towards being the World City of Asia envisioned by the Chief Executive. In its wake will also come an increase in fraud and the illegal manipulation of markets.

In parallel, changes in culture that lead to a wider acceptance of the use of legal services and the passage of much new, complex and often specialised legislation are also factors that will increase the demand in Hong Kong for the provision of legal services. Cost will be an issue for individual users but of less relevance to larger users. All users will be looking for quality. This can be defined as proactive, competent providers who can give specialist assistance when required and can demonstrate the value they are providing to their clients.

CHAPTER 2 – THE STRUCTURE OF LEGAL SERVICES IN HONG KONG

INTRODUCTION

In this chapter we review the current and future structures with reference where we consider relevant to the structures in Australia and UK. We will touch on supply and demand but deal with these topics principally in the next chapter.

The providers of legal services are divided into the following groups:

- Solicitors and their assistants (associates, paralegals, clerks and secretaries)
- Barristers
- Hong Kong Government
- The Courts including tribunals
- Other providers.

SOLICITORS

Several interviewees described the profession as consisting of tiers. These vary between four and six according to precision of definition.



The difference between these three is scale. The fourth tier is:



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The alternative description is:

Foreign law firms	Foreign law, regionally and in Hong Kong
International firms	International (including China) and large mainly corporate local
Large local firms	China, regional, some international and large local practice
Medium size local firms (30 –150)	Some China, mainly local some specialisation
<hr/>	
Small firms	Almost wholly local and mainly general. A little specialisation
Sole practitioners	Almost wholly local and general

The above are generalisations but all interviewees who felt able to comment considered they gave a reasonably accurate picture.

The current problems for solicitors, some of which will continue into the future have been described as including:

- An oversupply of solicitors currently
- The deprecations of the e-commerce bubble
- Too many legally trained people trying to enter the profession after taking their PCLL
- A change in the demand for and use of paralegals
- The number of foreign trained lawyers being admitted by the Law Society to practise law in Hong Kong after passing the relevant examinations
- Insufficient mainland trained lawyers available in Hong Kong to advise on mainland law and lack of effective alliances with mainland Chinese practices
- Insufficient supply of solicitors to practise various aspects of law effectively, e.g. IT and entertainment media
- The decline in quantity of conveyancing and the abolition of scale fees
- The international firms raising the standards of practice for all lawyers in Hong Kong
- The domination of tax practice by the accounting profession
- Denial of the right of audience in all courts
- The disappearance through winding up or merger of a number of small practices and sole practitioners

We deal with the majority of these issues in the next chapter.

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A number of these problems have been compounded by the economic downturn from mid 1997 to the end of 1999. In this period firms from all tiers were experiencing:

- capital injections instead of drawings by partners
- reduction of staff (professional and non-professional) by lay offs
- reduction in intake of associate solicitors
- reduction in remuneration and trimming of other overheads.

Relief provided by such activities as the three airport enquiries did provide opportunity for a number of firms but they were the larger firms providing specialist services in specific areas, either separately or in combination as the client required.

The upturn in the economy experienced in 2000 and the start of 2001 has not impacted on all sectors of the economy and therefore, not all solicitors have benefited.

The situation has already started to change. Work is picking up. The larger firms (local, international and foreign) are paying more for certain of their staff.

The international firms are also leading changes in practice management, managing their practices as businesses. This approach is reflected in the hours of recoverable billable work they expect from their employees, their integrated systems to facilitate effective working, their approach to client servicing and their ability to bring in or consult appropriate experts in other parts of the world when this will assist the client.

The international firms that practise Hong Kong law are now increasing in size and revenues with more firms expected to set up in Hong Kong. The immediate lesson to be learned from their experience is client-perceived quality achieved through a professional approach to managing the practice as a business.

It is apparent from the previous chapter that there will be increasing opportunity in Hong Kong during the decade. The opportunity will be driven principally by business, both large and small organisations, manufacturers and service industries, of local and international origin. Much of the work will be related to developments in China and also international developments in areas such as finance, communications, logistics, transport and employment. The opportunities will occur within economic cycles.

There will also be a growth in demand for services by individuals and the people who represent them driven by changes in cultural attitudes and statute law, possibly also by greater affluence.

The impact on the profession over the decade is expected to be:

- growth in the international firms sector – organic and new entrants
- growth in the large local firms – principally organic
- the development of some of the middle size tier firms into large local firms
- new entrants to the middle size tier
- the move of some middle size tier firms into the small firm tier
- mergers among small firms and between small firms and sole practitioners
- the entrance of some foreign firms
- the entrance of several mainland law firms
- pressure on the Law Society to allow and make easier the establishment of both combination practices (of foreign and local lawyers in the same firms as partners) and multi-disciplinary practices.

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International Firms

Interviewees expect this sector will develop further in terms of the business controlled in Hong Kong although it may shrink in terms of headcount. This phenomenon will arise from relocation of staff into other offices, such as Shanghai and other cities in the mainland due to the relaxation of the one office (city) per firm rule by the mainland authorities, China's accession to the WTO and, ultimately, the full floating of the Chinese currency. The latter is expected to lead to increased investment into China and the need for firms to provide advice on mainland and international law at the same time in the same place to an increasing client base that is predominantly international. Their client base will also include an increasing number of local businesses wishing either to expand business overseas or to go outside the mainland to raise capital.

The regional and management headquarters of these firms will be situated in Hong Kong because there is more safety and certainty in the protection afforded by the legal system here than anywhere else in the region.

Another factor that will lead to a shrinking of headcount will be improved communication and information systems, an area in which these firms are expected to continue to lead the field during the next decade. The effect will be to enable firms to put specialists and their support teams where it is least expensive to locate them that is also easily accessible to air travel. Accordingly, these groups will be found in parts of China, the US, the UK and Europe, possibly also within the region. Certainly back office functions will nearly all be either outsourced or relocated into efficient, lower cost locations, such as Shenzhen at the moment.

These firms may experience consolidation and amalgamation during the decade as practices come to be managed more as businesses and less as they were in the past. This type of activity is happening in most service industries throughout the world and is particularly evident among accountants. There is no reason to believe it will not continue among solicitors' firms but it will occur in head offices which are all located outside Hong Kong.

Large Local Firms

There will be opportunities for these firms to expand based increasingly on quality rather than client loyalty. Already several of their clients are treating them the same way as they do international firms, tendering out services and asking for demonstration of where value will be added by the firm to the client's case or process.

These firms will also need to increase their international links in order to provide the comprehensive coverage of service that some of their clients will be seeking. These links will include joint ventures or working alliances with mainland law firms. In this area they could have a natural and cultural advantage over the international firms looking to do the same.

They have an advantage that will remain but decrease in significance in the large size of their domestic practices. This area of practice will be aided by the amount of statutory law that is introduced during the decade. If they are to hold these practices and grow them they will need to provide specialist teams that meet their clients' perceptions of quality and competence. Many of these firms are already doing so

Standards of English and Chinese will play a part in their retention or loss of clients, particularly those who are non-Chinese or are from the mainland.

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There may be a few new entrants to this group during the decade from the middle size firms but it is unlikely to be many and they will tend to be among the smaller members of this group. It is also unlikely that this group will consolidate significantly through merger or acquisition. There may be a little of this activity towards the end of the decade if international firms are already doing so and winning market share from these firms by having a wider array of specialist services that clients need.

Middle Size Firms

These firms compete with both the large firms and also the small firms. Their differentiation from the large firms is on cost and attention to clients by senior members of the firm. Their differentiation from the small firms is their presence in Central and their ability to offer specific advice in certain areas.

Their difficulty in expanding is the lack of large reserves of capital to fund expansion should it take time for the selected area or additional headcount to generate clients and recoverable billings. Despite that, the economic development of Hong Kong and the mainland dimension give them opportunities to provide services to medium sized businesses both in Hong Kong (local and international) and the mainland provided that they have fluency in written and spoken English and Chinese. The increasing amount of statute law and changes in culture are other factors providing them with opportunities to expand.

The more dynamic of the firms will chase this business and ensure that they provide high quality work. They will do so as a means to move up into the large local firm group, looking to build and hold a base of clients. As they grow larger, effective client service will become a more important issue for them. They will also find the need to maintain high standards and manage their practices as efficient businesses – in this area they may have difficulties due to lack of experience and training and being unfamiliar with the employment of a Chief Operating Officer to manage the internal aspects of the practice in a businesslike fashion. They will face the same challenges at this level as other large local firms, such as:

- tendering
- proving value to be added at the outset not the end of the assignment
- attraction of talented staff
- investment in systems.

Some firms in this tier will remain in this tier by choice but enlarge their size by focusing on certain areas of specialisation. The points made above, regarding the middle size firms that mutate into large local firms, also apply to these firms with the exception that involvement in tendering will not become commonplace for them until the end of the decade.

These firms will use consultants to assist in growing their presence in their selected markets. These consultants are akin to sole practitioners who rent a serviced office space from the firm for a proportion of the revenues they generate. They may also be partners of the firm who have retired and wish to continue the practice of law without the burdens of partnership. In either case this practice will not be significant because the number of firms will not be large and most of them will need the space for their own purposes.

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There will be some middle size firms that reduce in size until they become small firms. The number of these is hard to estimate. The causes of their reduction in size will include:

- choice, one or two partners leave the firm and are not replaced
- continuation of the tendency to reach 5 to 7 partners then split up into sole and smaller practices
- inability to provide sufficient specialisation to meet their clients' needs
- downturn in the economy that they lack the capital to weather
- inability to attract recruits of sufficient calibre for their business
- lack of ability to manage the practice as a business
- failure to recognise that past ways of managing the practice will not be effective in this decade.

It is unlikely that there will be many mergers or acquisitions among these firms unless they have a like mind regarding expansion and obtaining market share. It is also unlikely that any of them will be acquired by larger local firms although one or two may be acquired by international firms (particularly newer entrants to Hong Kong) wishing to add quickly to their own practices the specific expertise of the middle size firm.

Small Firms and Sole Practitioners

There will be opportunities for these practices to thrive or survive but we expect to see a reduction in their numbers for these reasons:

- they have generally moved too slowly to replace their dependence on conveyancing
- some will find it difficult to keep abreast with the changing market especially in the areas of new statute law
- they are mainly generalists and while specialist advice from barristers or other firms is less expensive than previously, clients will be less prepared either to accept the intermediary role or to wait to receive the advice
- the proliferation of small firms and sole practitioners occurred when there was more likelihood of success; now people realise it is much tougher to be successful as the market is changing and so fewer are prepared to take the chance
- some will merge to form larger practices in order to cope more effectively with market changes and to seize opportunities
- few have been trained in running the practice as a business
- several will find it difficult to be proactive in the manner clients will expect
- an economic downturn will force out of business those with inadequate capital or access to capital
- the Law Society tightening up its monitoring as it experiences the most claims against its professional indemnity scheme in respect of conveyancing carried out by sole practitioners.

Those that remain in this group (probably the majority in numerical terms of those in it at the end of 2000) will have business opportunities arising from:

- Local individuals' needs and their increase
- Legal Aid, particularly for those specialising in criminal law
- Changes in culture that will accept more readily local offices
- The growth in statute law
- Specific areas of specialisation if they pursue them

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- Needs of mainland individuals and medium size enterprises dealing with or operating in Hong Kong (either directly or by referral via mainland law firms)

Foreign and Mainland Law Firms

In the recent past a number of foreign law firms have departed Hong Kong as they were unable to establish enough business on a consistent basis to justify the overheads. Some others have changed from being foreign law firms to becoming in effect Hong Kong law firms as several of their partners have passed the local qualifying exams and been admitted by the Court.

Of the foreign law firms here, a number have specialist areas such as Merger and Acquisition (M&A) work which they undertake throughout Asia from their Hong Kong base. Others advise on their national laws (e.g. US tax) or their national law in relation to specific areas, e.g. international trade, garment quotas. Others specialise in international aspects of law, e.g. WTO and anti-dumping, investment market regulation (although this can also be heavily national).

They may employ local solicitors (as paralegals only) but are not allowed to work on Hong Kong law issues. Equally foreign lawyers can be and are employed by local practices to advise on their national or non-Hong Kong law working alongside local solicitors. It is possible for foreign law firms to recruit Hong Kong people to work in their foreign law practices but generally these will be Hong Kong students who have graduated in the foreign country and qualified as lawyers there.

The economic development of Hong Kong, the impacts of globalisation and Hong Kong's need to understand and react positively to them indicate that there could be an increase in the number of foreign law firms in Hong Kong by the end of the decade. It is unclear if there will be an increase or decrease in the number of foreign lawyers working here since they may well station some of their people in offices in the mainland and possibly the region. Equally, they may use improved communications to refer to specialists in lower cost offices elsewhere. It is likely that they will keep their major practice chiefs stationed in Hong Kong ready to go anywhere in the region where they are required and Hong Kong is likely to be where they have the control of their regional operations.

Mainland law firms will come to Hong Kong in reasonable numbers by the end of the decade provided (as is expected) the Ministry of Justice in Beijing permits them to do so. They will bring with them their own lawyers who will practise initially mainland law but some of whom will take the qualifying examinations and be admitted to practise Hong Kong law. This development will occur some time after China's accession to WTO and Hong Kong law firms will have established a larger presence in the mainland.

These firms can be expected to recruit Hong Kong lawyers to complement their own mainland lawyers, particularly to assist their mainland clients wishing to float on the Hong Kong stock exchange or to build a presence in Hong Kong or to make other investments in or through Hong Kong. These Hong Kong lawyers will also be used to assist their mainland counterparts when Hong Kong potential clients approach these firms in respect of legal issues in the mainland. In such cases the Hong Kong lawyers will advise their colleagues on the Hong Kong legal aspects of the case.

Combination Practices

There will be increasing pressure applied to the Law Society by the international, foreign and some large local firms to allow foreign lawyers and Hong Kong lawyers to work

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together in partnership more easily than under the current Association arrangements. Likewise there will be pressure to expand or abolish the ratio of foreign lawyers a Hong Kong practice can employ. The reasons put forward to support this are straightforward:

- Both the foreign and Hong Kong lawyers involved are professionals and will act professionally
- Globalisation requires teams of lawyers with similar specialisations but knowledge of different national laws and of relevant international law
- It is more cost effective for the practices and, therefore, their clients
- It gives broader exposure to Hong Kong lawyers who have never been outside Hong Kong during their education or their training period, thus providing them with more career opportunity
- Clients do not wish to have to consult two separate groups of lawyers on a common issue and if they cannot get what they want in Hong Kong will go elsewhere to get it – to Hong Kong's detriment.

This issue will become more pressing towards the end of the decade when the category of foreign lawyers also includes mainland lawyers and law firms.

Multi-disciplinary practices (MDPs) are not yet permitted in Hong Kong although the Law Society has a working group studying the matter. The experiments in the UK and Australia are being watched carefully. In effect, multi-disciplinary practice groups already exist in Hong Kong – among management consultants and, to a lesser extent, accountants. While such people do not directly advise a client on legal issues in terms of managing a process, such as litigation, for the client, they frequently cover the legal aspects of an issue in the advice they give the client.

There has been an experiment in Hong Kong with an MDP between a firm of accountants and a firm of solicitors. It has been dissolved, probably because it was an idea whose time had not yet then come. The need for MDPs in Hong Kong is questionable since it is not unusual for firms in different professions to work together to assist a client, e.g. in construction where engineers, architects, quantity surveyors may work together with lawyers (even a barrister) and sometimes also accountants. Another example is the MPF where solicitors and compensation and benefit consultants worked together for their clients. Professional people in Hong Kong and professional practices have some experience of working together when the clients' needs demand it, then dissolving the association when the assignment has been completed.

If MDPs are allowed in Hong Kong during the decade they will only have marginal effect within the decade of providing additional employment opportunities for providers of legal services. That situation could change in the decade 2011 to 2020.

BARRISTERS

Barristers currently are not allowed to work in partnership but can come together in a set of chambers where the costs of managing the chambers are shared. They may not be approached by members of the public directly, only via a solicitor. Yet accountants, surveyors, arbitrators, members of the Taxation Institute of Hong Kong and Company Secretaries may approach them directly. These practices are considered by some to be antiquated and irrelevant to the current time. There are also those, in the provision of legal services, who support their retention.

Based on interviewees' comments, the problems facing barristers appear to be these:

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- The best in Hong Kong are viewed as being very expensive compared to their London counterparts and are very difficult to get hold of in a hurry
- London silks are often preferred because there are more of them to choose from, they may have greater knowledge of the common law relating to an issue, they are usually faster in their turnaround
- There is narrow head and neck to the profession and a broad body rather than even a pyramid
- In recent years barristers have had less opportunity (in the criminal area) to gain advocacy experience due to a reduction in the number of cases being handled by magistrates, the increasing frequency of the appearance of solicitors or defendants acting for themselves in the magistrates courts and the greater use of tribunals where legal representation is not allowed
- The perception that in better times the barrister led the client but in harder times the barrister is more prepared to be used as the client's mouthpiece in order to get the brief.

Those at the bottom are said to be in broadly two categories: those making a name for themselves and coming on and those who are struggling to survive.

It is interesting to note the different comments made about entrants to the profession:

- "Only those who cannot get a traineeship after they have completed their PCLL go to the Bar"
- "The cream of the PCLL graduates tend to choose the Bar"
- "In recent years there has been a tendency for more mature members of other professions who have achieved reasonable status in those professions to come to the Bar"

All interviewees commented that the leading barristers in Hong Kong are expensive and the majority considered them too expensive, of good quality but too few and too slow. Numerous interviewees mentioned that when they used barristers they would instruct or be instructed to go straight to barristers in London.

Any consideration of the future of barristers has to touch upon fusion as this remains a sensitive issue that comes up frequently and on which there are deeply divided views. We have not researched in depth the issues relating to fusion but we have been given comments on the issue. Unsurprisingly the majority of interviewees who commented (a majority of the interviewees) were in favour of fusion. A few were neutral.

Those who opposed fusion did so on the following grounds:

- the current system works well so why change it
- it is important for someone to be able to research topics in depth and to be able to advocate effectively: solicitors do not have the time for the research although some are competent advocates
- the solicitor interposing between the barrister and the client enables the barrister to be more objective to the benefit of the client
- solicitors only want fusion to get more work for themselves by appearing in all courts (comment not made by a barrister).

The Bar Association decided in 2000 to set an examination for foreign lawyers who wished to be called to the Bar in Hong Kong. The scheme will be in place by November 2001 and the first examination held in 2002.

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It is interesting to note that only the UK and Hong Kong continue with a divided profession.

In our opinion, the future of barristers in Hong Kong depends principally on five factors:

- their quality in terms of research, language and advocacy skills coupled with their knowledge of the law
- their ability to be concise and give opinions in plain language clients can understand
- their ability to demonstrate that their involvement adds value for a client
- their fees
- their availability and their speed of turnaround.

If they are perceived to be failing significantly as a body in any of these factors, clients will bypass them and go elsewhere. The situation that will emerge in Hong Kong during the decade will produce more clients looking for quality and value.

In terms of opportunity, barristers will benefit from:

- increased commercial activity, in particular further globalisation and China's accession to the WTO
- increased criminal activity (arising from an expansion of the population and the continuing breakdown of family units)
- increased fraud and stock market manipulation
- an increase in the volume and complexity of legislation generally
- the continuing development through practical application of the one country two systems concept
- the development of alternative dispute resolution mechanisms
- the gradual interaction between the Hong Kong and mainland legal systems.

There will be strong resistance to high costs that are not considered justified but value more than cost will be the issue for large clients, the majority of whom will be large corporations or the Hong Kong Government.

If barristers in Hong Kong can provide competent service at reasonable fee levels there will be opportunities for them. We expect that over the decade a number of them who are less competent will be unable to survive, particularly if foreign competition is given unrestricted reasonable access, i.e. they can practise as barristers provided they pass the relevant examination or there is reason to exempt them, e.g. UK silks. As for other aspects, we believe they will be driven by the need for efficiency in the delivery of legal services in Hong Kong. We would not be surprised to see, before the end of the decade, barristers allowed to go into partnership with one another followed by fusion where certain people in the fused profession focus on deeper specialist research and they or others on advocacy.

THE HONG KONG GOVERNMENT

The Hong Kong Government is a major consumer and provider of legal services. Interviewees did not see this situation diminishing but expanding.

These fall into different areas. The first of these is law drafting. This section of the Department of Justice was expanded during the early 1990s to cope with the changes required as a result of the handover. General anticipation is that the volume of legislation will increase due to:

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- additions to existing legislation
- amendments to legislation to correct inaccuracies or to stop loopholes
- a significant volume of new primary and subsidiary legislation, extending the law in existing areas and forming law in new areas, e.g. e-commerce, medical and health care contributions.

It is reasonable to expect that the Government will need to increase the number of law draftsmen during the decade if it is to deliver its legislative programme in the schedules already set and also respond quickly to new situations that emerge, e.g. new financial instruments, their distribution and sale.

The Department of Justice provides advice on legal issues to all Government Bureaux and Departments. It will continue to do so but the amount of advice required can be expected to increase due to:

- new legislation
- individuals becoming more aware of their rights and being willing to exercise them
- more explanation by departments of Government policies and processes to the community
- more enquiries of Government by the public
- an increase in the number of civil actions against the Government arising from its daily operations.

There may need to be additional headcount in place to deal with the amount of advice requested.

The Department of Justice also prosecutes on behalf of the Government either directly through its own Counsel or court prosecutors, who are not solicitors or barristers but people with an education in law who are given a nine month focused training course, or by briefing out. The need for additional headcount here will depend in part on the level and nature of crime committed in Hong Kong during the decade. It will be affected too by how active the police are in investigating these crimes and laying charges (there has been something of a decline over the last two years but an increase in police activity can be expected during the decade). In view of:

- the population increasing
- the culture of easy money that has crept into parts of Hong Kong society
- the consumption of drugs and drink being likely to increase
- further change from the concept of the family being a cohesive unit

it is reasonable to expect that there will be an increase in the amount of crime committed, investigated and for which charges are laid. It is also reasonable to expect that there will be a significant increase in “white collar crime”, especially computer crime, during the decade. This is where the Department has increased and expects to have to continue increasing staff resources to handle investigation and prosecution even if it also increases the amount of work it briefs out.

The Government’s Legal Aid Department is responsible for administering the Legal Aid Scheme. While its cover is available to a large number of lower income and poorer groups in Hong Kong, it is criticised for not extending to those members of the middle classes who cannot normally afford to procure legal services. It may not be generally known that the Director of Legal Aid is empowered to waive the upper financial limit (resources not exceeding HK\$169,700) used in determining eligibility to use Legal Aid in

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criminal cases and for civil proceedings – in which a breach of the Hong Kong Bill of Rights Ordinance or an inconsistency with the International Covenant on Civil and Political Rights as applied in Hong Kong is an issue. The waiver is conditional on the applicant paying a contribution assessed by the Legal Aid Department taking into account all the relevant circumstances. It is possible for people with income that puts them outside the Ordinary Legal Aid Scheme to make a contribution and obtain Legal Aid for civil cases under the Supplementary Legal Aid Scheme, in the areas of personal injury and professional negligence litigation.

In 2000, there was a decrease in the number of applications for Legal Aid. This situation may have been due, in part, to a falling crime rate and also to improvement in some areas of the economy. The likelihood is that during this decade, the Legal Aid Scheme will be used to a greater degree by those eligible in view of the reasons already stated in relation to Government prosecution. In addition, the Government may look into extending the coverage of the Legal Aid Scheme to more people by:

- reviewing the financial limits of eligibility
- expanding the scope of civil proceedings to which the Legal Aid Scheme could be applied and, where relevant, changing the assessment of the contribution to be made for civil cases
- bringing minors within the ambit of the Scheme as Hong Kong has signed the International Convention to give legal protection to infants involved in criminal activities.

If the two factors stated above come into effect, the result will be either an increase in the staff administering the scheme who have a legal qualification or more briefing out or both. The decision between the two would continue to be determined by reference to these factors:

- the number of professional staff available to manage the caseload
- how cases will contribute to the further development of staff competence
- the cost:benefit advantage for the client, especially where the costs of Legal Aid are deductible from the compensation receivable by the client.

A contraction in staff employed and briefing out by the Legal Aid Department would only occur if the Government had in mind a policy to restrict Legal Aid and reduce its coverage. We are not aware of any such policy or the criteria that might trigger this policy during the decade. In the UK a cap on the cost of the equivalent schemes (and, therefore staffing and briefing out) was imposed via the national budget.

THE COURTS

Hong Kong employs 180 judges and magistrates (including presiding officers of tribunals). The appointees are generally either solicitors or barristers. It has been past practice and the Basic Law allows appointment from overseas (source countries were principally the UK, Australia and New Zealand) and people recruited were barristers, magistrates or solicitors with appropriate advocacy experience. In addition, magistrates may be promoted to the District Court and the High Court.

The caseload in magistrates courts has declined and one magistracy is being closed. Part of the reason for this is the introduction of Cantonese (in 1995) into magistracies. The change has also speeded up proceedings although it was stated by interviewees

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involved in this area that the reduced caseload for magistrates is misleading as the trial cases are often more complex and require longer time both to hear and to judge.

The question facing Hong Kong during this decade is: will there be an increase in caseload that requires more courts? The answer depends on three factors:

- additional legislation requiring additional tribunals
- any significant increase in criminal offences committed
- the cost of civil litigation and the effectiveness of alternative dispute resolution mechanisms.

There is little doubt among interviewees that additional legislation will bring more work for existing tribunals and also the creation of a few new tribunals. These will need to be administered and a small number of additional professional staff will be required for this purpose.

The indications are that more crime is likely to be committed and detected. Some of it, in the “white collar” area, will be extremely complex. The indication is that, during the decade, there will be a need for additional courts and judges. The numbers will be dictated by the circumstances.

The situation regarding civil litigation is less clear. While, logically, there should be more grounds for civil litigation, interviewees were sceptical that there would be an increase in the amount of litigation actually going to court – more actions would be initiated with a view to settlement prior to the trial hearing. The main reasons given for this view were time, cost and the availability of alternative mechanisms for dispute resolution. The comments are valid but, in our view, it is possible (although not certain) that during the decade costs of litigation may reduce as lawyers and their clients using litigation become more focused and efficient. If fusion takes place or solicitors are permitted to acquire higher right of audience, costs in some cases could be reduced. However, as we have said previously, it will depend more on client perception of value given or gained than on cost.

The situation could be improved by giving greater authority to the tribunals. For example the Small Claims Tribunal can decide on cases with a value of HK\$50,000 or less. Interviewees interested in this area strongly urged raising this limit. The figures suggested varied from HK\$200,000 upwards.

Alternative dispute resolution mechanisms do exist in Hong Kong. The International Arbitration Centre is a case in point. It has seen an increase in the number of cases handled – in 2000 this was approximately 250 compared to Singapore’s less than 70. Arbitration is favoured by American corporations and it is also included in many Hong Kong Government contracts. Importantly for Hong Kong, a new trend is emerging where parties outside Hong Kong refer their dispute to Hong Kong for hearing. This trend, which is in its infancy, could develop, offering further opportunities for providers of legal services in Hong Kong. Interestingly, the reason given for referring from another jurisdiction to Hong Kong is that the Rule of Law applies here and, in some circumstances, the award can be enforced via the Hong Kong courts. This route may be of limited assistance if there is no legal entity or there are no assets in Hong Kong. However, the winning party might be able to gain advantage from the decision in its home jurisdiction should the legal process there acknowledge the Hong Kong arbitral award.

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Critics of arbitration among interviewees suggested that some parties were turning away from arbitration to litigation. The reasons stated are: arbitration can take longer, can cost more (the parties have to pay for the arbitrator but not for the judge and court), can be unreliable as the arbitrator may be less disciplined than a judge and, usually, there is a lack of any appeal mechanism. In addition, the arbitrator, as a lay person, is giving opinions on the law that may be erroneous but are binding. We find little evidence to support these views and our understanding is that, in certain domestic issues, an arbitration that could be shown to be flawed in its interpretation of law could be referred to the court in Hong Kong for rectification.

We expect that arbitration together with mediation and its forerunner in the process, negotiation or conciliation, will become more widely used in Hong Kong during the decade. Again these areas offer opportunities to astute legal professionals. We were interested to find that some solicitors looking round for alternative practice areas after the decline of conveyancing had decided to focus on arbitration and had taken preliminary courses in the topic.

We also note that the Labour Tribunal process requires conciliation to be attempted prior to a tribunal hearing being set. At present there is a large bulge of MPF related complaints in the process that are awaiting or undergoing conciliation. If they cannot be resolved there is a strong likelihood that the labour tribunal system will be overwhelmed during 2001. That situation presents opportunities for legal service providers and is not one that will repeat itself frequently during the decade. However, similar situations could arise through significant amendments to the MPF legislation and new legislation, such as regarding health care contributions that will be made during the decade.

OTHER PROVIDERS

Legal services are provided outside the legal profession and the Hong Kong Government in a number of ways, among them:

- advisory within other professional firms as part of the professional services offered, e.g. the tax departments of accounting firms, construction claims consultancies
- in-house counsel, e.g. statutory authorities in Hong Kong
- compliance officers, e.g. investment fund management companies
- legal specialists, e.g. legal departments within banks and other business organisations
- quasi-legal areas, e.g. company secretarial work.

In all the above situations qualified solicitors, some former barristers and people who have undertaken an LLB (and even the PCLL) are employed together with members of other professions.

Hong Kong's development will result in an increase in the number of legally trained and qualified professionals needed by business and other organisations due to:

- expansion of business within Hong Kong
- expansion of business outside Hong Kong with contracts including the laws of a number of countries
- changes in existing legislation
- introduction of new legislation.

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If the culture in Hong Kong becomes more dispute oriented at the same time as the above developments (as some interviewees think may happen), both the opportunity and the need for legally trained and qualified people will increase. An example is that, if the taxation system in Hong Kong were to grow more complex, large accounting firms would employ more qualified solicitors in their tax departments in Hong Kong in order to retain their dominance in this field.

The changes that will be introduced through legislation in the area of corporate governance will generate a need for more people with legal knowledge. They are likely to be both company secretaries and qualified lawyers. Likewise, as more companies list on the Hong Kong Stock Exchange (seen by several mainland companies as bestowing credibility for further listing and fund raising) there will be a need for suitably experienced people to staff and manage their legal departments that will include company secretarial compliance work.

In our opinion, it would be unlikely that other professions and providers of legal services would eclipse legal professionals and those with a law education in meeting the demand that will be generated. The potential risk factor for businesses particularly will expand with the changing economy and legal environment. This factor will increase radically if Hong Kong moves to bring its awards of compensation and damages more into line with countries such as the US and the UK. Restrictions on the size of the opportunity will be considerations of cost and efficiency – there will be a demand for performance that either adds specifically identifiable value or can be shown to minimise potential risk.

CONCLUSIONS

The structure of legal services in Hong Kong will change in the decade but not significantly from what exists now. The change in structure will be driven by the need to increase efficiency to meet the more demanding nature of the increased needs of clients. Economic, legislative and cultural factors will shape the need of clients for services. The greatest change is expected to be among the largest sector of solicitors: small firms and sole practitioners. The number of their separate operations may contract but their overall employment of law graduates and qualified solicitors may increase.

For barristers there will be continuing opportunity provided they are competent. Efficiency and value, as assessed by clients and competition, will be the factors that determine their success, especially if solicitors are permitted to acquire higher rights of audience.

The Hong Kong Government can be expected to increase the amount of the legal services it provides and consumes during the decade. It may do so by expanding the size of its workforce or, as is more likely, wherever possible contracting out to other providers.

The court system in Hong Kong will increase in size due to the creation of more tribunals and, in due course, the need for more courts. Alternative dispute mechanisms, such as mediation and arbitration, will be used more frequently by parties both within and outside Hong Kong.

Not all legal services will be supplied from within Hong Kong and there will be a migration of some legal service providers now in Hong Kong to other locations in the mainland and, to a lesser extent, the region. In these cases efficiency in terms of providing the appropriate services in the location the client prefers and cost will be the principal considerations.

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Certain legal services will be best provided from within Hong Kong and their volume is expected to increase. They will be provided by firms and individuals operating within the existing structure and also those with a law education or legal qualification and experience employed in organisations outside the structure of the legal profession in Hong Kong.

CHAPTER 3 – FUTURE DEMAND AND SUPPLY

INTRODUCTION

In this chapter, we summarise views on demand and supply and factors related to them. These topics are closely linked with those of the preceding two chapters.

DEMAND

Overview

Hong Kong's economy will become more developed during the decade and, consequently, more complex and more sophisticated. In developed societies, law and the provision of legal services are essential components in keeping the society in balance and able to progress as a whole entity. Law and legislation are subject to greater amounts of change as new areas of specialisation emerge, an increasing emphasis on rights occurs and there are more individual, organisational and social assets to safeguard.

Hong Kong has already experienced aspects of these impacts during the last 50 years and will continue to do so. This means that there will be a continuing demand for the provision of legal services. However the emphasis is changing as the education level of the community rises resulting in consumers becoming more demanding of value and competence than previously.

The change in demand for more quality has been present among major consumers of legal services for a considerable time. The extension of this change to the community generally has taken longer but has been speeded up during the past three years.

The quantum and nature of the demand trend has been obscured to some degree by the economic downturn of the past three years. Downturns are inevitable as part of the economic cyclical process and more will occur during the decade to 2011. They are beneficial in that they tend to lead to refocusing by providers of legal services on the areas of need that clients want serviced and the manner in which clients wish the service to be provided. It has been suggested by interviewees that the chastening impact of 1998 and 1999 will be long remembered by present and future providers of legal services.

Interviewees have indicated that much of the demand in the "boom" years of the 1980s and early 1990s was driven by conveyancing and the scale fee system. Consequently, many firms in the small and sole practitioner categories relied almost entirely on conveyancing for their revenue. It was also an important factor for all other firms with the exception of foreign law firms.

Property

Since mid 1997, conveyancing has diminished in importance from the providers' perspective but less so from the consumers' perspective. There has been a decline in the number of property transactions due to a reduction in speculation and negative equity deterring owners trading up. Recent moves by the Government to restrict land supply and ease resale restrictions coupled with banks being allowed to lend more than 70% of the value of the property and a reduction in interest rates will all contribute to a gradual recovery in the number of property conveyancing transactions. The duration of

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this recovery depends, to a degree, on how long the Hong Kong dollar is pegged to the US dollar and the interest rate regime in the US (which will be dictated by the state of its economy). A sluggish economic performance in the US will be beneficial for Hong Kong in terms of interest rates but less so in terms of wealth creation. However, conveyancing is affected by overall confidence, which will remain less buoyant while there is significant negative equity among individuals owning property.

While the quantity of conveyancing will increase the revenue for legal service providers will not due to competition keeping rates relatively low. If Hong Kong adopts a title instead of a document registration system, the revenue per conveyancing transaction can be expected to decline further despite the Government having a policy that all transactions will need the signature (probably digitised) of a solicitor in order for the title to be registered. There may be a short period of changeover from document to title registration that generates advisory work but it will be finite and not repeated.

In other areas of property transactions, the provision of advice on matters such as mortgages has declined already. Mortgage documents have almost become a commodity and there is no likelihood that there will be an opportunity on a large scale for providers of legal services to gain significant revenue from providing advice on mortgages.

Rental transactions will increase as Hong Kong develops further and more people come from outside Hong Kong for periods of various durations. While this situation will increase the number of rental agreements being entered into and terminated, the demand for legal assistance will diminish as more people turn to their own devices, standard forms and help websites to reduce costs and control the transaction.

There will be a demand for legal services in at least two areas;

- the establishment and effective operation of owners' corporations as companies limited by guarantee
- slope maintenance works.

These two areas can be expected to increase demand for legal (and, for slopes, other) services as Government policy is implemented. The owners corporations will arise from:

- new property developments
- redevelopment of existing sites
- change of use of existing buildings, e.g. former industrial buildings
- public rental housing being sold to occupiers.

Business clients will have some demand for legal services in respect of the renting of commercial offices, particularly when the organisation is a newcomer to Hong Kong. There will also be a demand generated by investments in commercial properties in Hong Kong and it is possible this activity will intensify at times during the decade as Hong Kong's economy continues to develop.

Significant Areas of Demand

Interviewees considered that significant demand would be generated by:

- e-Commerce
- IT and communications
- Financial dealings, products and their supervision

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- Intellectual Property
- Entertainment media
- International trade
- China business, investment and legal system
- New legislation introducing more regulation and rights
- Emergence of a dispute oriented culture
- Criminal activities.

e-Commerce

e-Commerce has already appeared and produced an investment bubble in late 1999 and early 2000. The real impact of e-Commerce has not yet been experienced but the speed at which transactions are growing via email trading and email banking indicate that this area will be an essential part of life by 2011. The demand will be increased by Government in possibly two ways: the use of email systems to achieve electronic filing with associated review of documents and the possible development of new taxation provisions in response to e-Commerce transactions regarding source of profits.

The foundations for the extensive use of email by Government is already in place, examples being:

- Electronic filing of documents at the Land Registry
- Electronic application and account keeping of Tax Reserve Certificates
- Electronic reporting for Salaries Tax purposes
- Electronic lodgement of trade declarations
- Extensive use of websites to provide information and forms
- Electronic preparation and payment of Civil Service salaries.

Developments in hand that will be introduced early in the decade include:

- Electronic lodgement of manifests and applications regarding bonded cargo with Customs
- Electronic lodgement of Annual Returns and other forms with the Companies Registry
- Electronic submissions to courts
- Electronic applications to universities and institutes of further education.

In the private sector similar developments have taken place. For many organisations, e-mail is now as important a means of communication as any other, perhaps the most important, particularly for internal communications. The post-internet age will occur during the decade and this development will increase the importance of electronic communication and transactions as an integral part of everyday life for virtually everyone in the community.

These developments will generate demand in three generic areas:

- A. the technical aspects of the transmission, its authentication and storage
- B. the content of the transactions and transmissions
- C. legislation specifically designed to regulate these transmissions and transactions.

It has been stated by several interviewees that the basic transactions in the e-Commerce environment draw on areas of law other than IT, e.g. commerce, contract, data privacy, broadcasting. It is interesting to note that the areas of law are both civil (common) law and statutory.

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What is evident is that Hong Kong will generate substantial demand for legal services as it embraces IT systems of communication and the size of its economy expands. Some of these services will be specialised initially then become routine with precedent documents reducing the amount of time and effort required of the provider of the legal service. Others will be specialised as new areas open due to private sector developments and legislation. A small number of interviewees also commented that the overall development of e-Commerce would necessitate some providers of legal services having specialisation in the commercial laws of a number of countries. This they might develop in-house or through alliances or via precedent and information websites.

IT and Communications

There is already a demand that cannot be met from the resources currently available in Hong Kong. The demand is met by importing specialists from countries such as Australia and having them impart their knowledge to appropriately experienced colleagues on the job.

The Government has a policy of developing Hong Kong as an IT hub for Asia. While this policy is highly challenging for infrastructural reasons, it will be assisted by the mainland attempt to control the proliferation of IT based communication systems outside China. It should mean the production of more IT experienced people in Hong Kong. Providers of legal services who wish to develop IT as a specialist area will need to gain that experience or have it available within their teams. If they are unable to employ Hong Kong people who have IT experience and a knowledge of law they will need to obtain the expertise they need from outside Hong Kong, otherwise the demand will be diverted from Hong Kong as far as it is possible for clients to do so to locations where they may be able to obtain what they require, e.g. Australia, possibly India and even Shenzhen or the US.

The demand in the area of IT is expected to increase dramatically during the decade and it is obviously closely related to e-Commerce and several other areas of law, such as IP (intellectual property), broadcasting and data privacy. On the communication side the demand is expected to turn around the method of transmission more than the content. The competition clauses in the Telecommunications Ordinance will become an important area of regulation and legal advice. International conventions on and contracts relating to telecommunications will generate demand for expertise that is comprehensive in the field of telecommunications law and practice.

The demand will come principally from corporate clients, based in Hong Kong and outside. The Government will be a large consumer of advice in this area, most of which will be met from the resources within the Department of Justice. There may be some demand from individuals and non-business organisations, more in the area of protection of rights than advice on relevant law and practice.

Financial Dealings, Products and their Supervision

This broad field comprises many specialist sub sectors, e.g. securities regulation, securities markets, investment, insurance, M&A, aircraft leasing, insolvency and bankruptcy, banking services, foreign exchange, lending, taxation. It is a vast area and one in which there is now large demand driven by:

- commercial activity
- legislation.

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As Hong Kong becomes more sophisticated and complex so will the financial services and products made available to businesses, other bodies and individuals within Hong Kong. The majority of these services and products will be offered in Hong Kong but increasingly they will be available and promoted from other locations by email and other means, e.g. telephone selling.

Interviewees expect that there will be a significant increase in the volume of demand in this area for appropriate legal services. The two drivers already mentioned will be important in stimulating that demand as a result of:

- increased personal wealth
- changing investment habits
- the nature of the growth of the economy
- the economic growth of the region, principally but not only China.

The demand will be for Hong Kong knowledge, international knowledge and specialist skills, such as M&A, corporate restructuring. There will also be a demand for knowledge of practices and processes in Hong Kong the PRC and, to a lesser extent, in the region. The majority of the demand will be for advice on law, practices, rights, their protection and obligations. There will also be demand for litigation and other means of dispute resolution. New areas of demand and action may include class actions in respect of stock market investments and, later, insurance. In the investment area, interviewees see a significant increase in the number of mainland companies listing on the Hong Kong Stock Exchange during the decade given the higher profile of the Hong Kong market and the tighter supervision that is exercised. Mainland investment into Hong Kong is also expected to increase further in the latter part of the decade as the concept of “one country two systems” settles down more and the Central Government relaxes to a degree the restriction on mainlanders coming to and doing business in Hong Kong. Both these developments will generate demand for appropriate services, a large part of which is legal.

In addition to legislative changes scheduled and those that will be developed to import international best regulatory and protective practice, there will also be specific legislation to respond to local needs as financial services and products develop. Inevitable changes in the Mandatory Provident Fund system to introduce employee selection of provider and some form of annuitisation of part of the final benefit, the introduction of compulsory health care savings for retirement via the MPF system and any changes in the taxation structure in Hong Kong will present initial and continuing demand for competent services. While other providers will be involved in the delivery of these services, there will be a need for legally trained and qualified people to contribute.

The extent to which the demands in this area are satisfied by providers of legal services will be determined by the way in which they develop themselves and their businesses, be they solicitors, barristers or paralegals. If they develop relevant skills additional to legal knowledge, such as transaction structuring and accounting skills, they will be able to satisfy a greater proportion of the demand both initially and by ongoing referral.

Intellectual Property

This area of commercial activity is one that will continue to grow. It will be driven by three factors:

- increase in the number of items patented, trade marked and copyrighted
- new legislative initiatives

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- mainland developments.

The first factor has a direct relationship to the development of the economy and, with increased global communication, will also be affected by developments outside Hong Kong that are registered in Hong Kong as part of a pattern of registrations in several locations to gain international protection.

The second factor could be significant in creating demand but will depend on how law abiding Hong Kong bodies and individuals are. The less observance there is given to law, the greater the pressure there will be on Hong Kong to introduce more drastic legislation. The need for and the degree of enforcement of the recently introduced legislation concerning software will be an interesting test case. The more law that is introduced and enforced, especially if the penalties are severe, the greater the demand for legal services.

The third factor is the most significant. Interviewees see more contracts between Hong Kong and non-Chinese parties with mainland entities, nominating Hong Kong as the jurisdiction in which to settle differences either via arbitration or litigation. They also expect an increasing trend for mainland parties to look to assistance from Hong Kong and foreign trained lawyers in helping to protect them from IP problems and actions instigated by the owners of the relevant IP.

The providers will need to be practically oriented and results focused. They will need to know the relevant law (common and statute) of Hong Kong, the PRC, other parts of the region where offences may be committed and, when necessary, the relevant laws of other countries. They will need to be able to provide competent advice on mainland law (either in Hong Kong or in the mainland) and the ability to provide effective service wherever the client needs, be it Hong Kong, the mainland or elsewhere in the region.

We were given an example of service that will, if repeated, help to drive demand out of Hong Kong. A Hong Kong business using a contracted manufacturer in Dongguan, found copies of its goods being made and distributed through Hong Kong to Taiwan for repackaging and sale to the US in competition with the Hong Kong business' products. The Hong Kong business retained a firm in Hong Kong for assistance that took the client to Beijing but not to Dongguan, filed and obtained a judgement in Hong Kong against the Dongguan manufacturer that could not be enforced, did nothing in the mainland and had no suggestion as to how to deal with the Taiwan situation. We have cited this case to indicate how demand is increasingly geared towards effectiveness, i.e. getting at least some result for the client that will justify the fees paid.

Entertainment Media

This area is predicted by some interviewees to be a growth area for Hong Kong that is directly related to its development into a World City. Such a city normally has a vibrant arts and entertainment culture. Hong Kong will be providing entertainment by internet, cable TV, television, discs, satellite TV, films, radio, publications, theatres, museums. It will be using products developed locally, within the mainland, the region and internationally. Sport will continue to feature significantly. Live performances will increase in number, variety and popularity. Changed arrangements for hiring venues and booking tickets will contribute to the increase.

This practice area requires practitioners to know contractual precedents, legal processes in Hong Kong and some other jurisdictions, preferred dispute resolution mechanisms, statute law such as the Telecommunications, Broadcasting, Copyright and Obscene Publications Ordinances. In this area, Hong Kong's Copyright Ordinance of 1997 was

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one of the first pieces of such legislation in the world to implement the decisions of the WIPO Geneva Convention protecting copyright in material passed over the internet. Further legislation can be expected following developments in e-communications.

The demand will be for providers of legal services who know how the various elements of the industry work, their practices and contractual terms. This knowledge will be of the relevant law and practices in both Hong Kong and other countries. The demand exists now to a limited degree and is inadequately met locally, almost to the point where there are very few specialists and several people offering advice who are ill-equipped to do so. Specialist advice is needed and is sought from overseas, particularly US law firms and UK counsel. The problem appears to be that a few larger firms have some aspects of the specialist expertise required but within other disciplines within their practices, resulting in little development of a number of people who are skilled or a broad body of knowledge of this area within the practice.

The demand will increase and, to the extent not satisfactorily met by people in Hong Kong, will seek satisfaction from providers in other locations.

International Trade

Hong Kong is all about trade. Part of the World City vision is the development of Hong Kong as a transport and logistics hub in air cargo, sea cargo and passengers. e-Commerce has provided the opportunity for Hong Kong traders to develop more mechanisms for facilitating trade between parties inside and outside Hong Kong.

Hong Kong businesses control manufacturing facilities in many countries. The activities in Hong Kong can be solely management, marketing and control of logistics with selling, procurement, manufacture, packaging and distribution taking place wholly outside Hong Kong. These activities are supplemented by international services where Hong Kong has among the largest trade in services in the region. Hong Kong is already a services dominated economy that produces exports and imports services. Nearly all services are directly linked to encouraging trade, principally with the mainland but also around the world. This area of activity is expected to grow significantly driven by both China's accession to the WTO and Hong Kong's own development in to a World City.

There is a demand for legal services that ranges from the largest international conglomerates, through the large, specialist firms to the small import/export businesses. This demand is expected to increase in terms of volume and value in the decade due to:

- growth in Hong Kong's economy
- legislative developments designed to make easier transshipment through Hong Kong
- the improvements and extensions occurring in communications
- the further integration of economies internationally
- the dramatic increase in business done in the region by international companies
- the growth and integration of the mainland domestic markets.

The nature of the demand will vary between industries and elements in the supply chain. Some demand will be focused on a specific aspect of the supply chain and the country in which that activity is carried out. Other demand will be for a comprehensive service covering all aspects of the supply chain or specific supporting services. The demand will be for specialist ability. Some of the demand will be for project management where providers of legal services in a number of countries are co-ordinated by the provider in Hong Kong.

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Some of the demand will be generated by the Government, for example in relation to further developments of the port and its supporting road and rail infrastructure or changing the airline policy to one of open skies or trade and services related legislation. There will be intense political and commercial pressure exerted on the Government during the decade both to change and to preserve the existing air policy. Any major shift will generate additional demand for legal services that once provided for will calm down to an ongoing level of requirement.

China Business, Investment and Legal System

The further development of the mainland economy will be a feature of the decade. The accession to the WTO will help to shape the direction and intensity of that development. The accession will assist in reducing the restrictions and barriers between different geographically delineated markets within the country as a whole so that a more cohesive domestic market emerges. This process will take place unevenly and over several years. It will be impacted by Central Government policies to encourage a more even spread of wealth between regions and between urban and rural areas.

In parallel there will be substantial investment and development to support export oriented activities, a portion of which will be also directed at the developing domestic market.

The demand for legal services will be extensive, including knowledge of and advice on:

- relevant international law
- relevant other national law
- Chinese law and regulatory practices
- the Chinese legal system and its reliability
- practical dispute resolution mechanisms and jurisdictions
- practical methods to protect IP
- practical methods to protect and reclaim investments
- practical methods to remit profits and other payments
- corporate structuring and employment law
- taxation and other statutory payments
- cultural differences and their impact on the interpretation of agreements
- the large body of statutory law that will be enacted after accession to the WTO .

Mainland law firms will not be able to provide all this information and will take some time to deliver their services to the standards expected by their international clients. There will be a great demand for legal services that combine China law and international law in a practical manner. In order for practical solutions to be developed, it is necessary for providers to have a reasonable acquaintance with the culture, practices and decision making processes of the mainland generally and specific provinces and municipalities. In this regard, Hong Kong providers have an opportunity to satisfy that demand more readily than their foreign counterparts who have not lived and worked in the mainland.

Some of the demand will be generated in Hong Kong, particularly among businesses based here and those using Hong Kong as a stepping stone into the mainland. Increasingly the demand will be generated within the mainland and if Hong Kong providers of legal services wish to have a part of that work, they will need to have either offices in the principal cities or alliances with international and mainland law firms.

Investment in the mainland will generally follow more recent, cautious patterns of gradually building up based on experience of safety of the investment and reliability of

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the law. Initial Public Offerings (IPOs) will also be used on both the mainland and Hong Kong stock exchanges. Two important areas will be M&A and disinvestment (including winding up joint ventures or alliances). Investment is expected to be made in waves, as in the past, based on economic cycles in China and the world and on sentiment towards China by overseas investors.

A separate area of investment that will grow in the second half of the decade will be outward investment by mainland enterprises. In this activity they will look to use people they know and with whom they have built a relationship. In developing a relationship they will seek advice as to suitable providers from business friends and acquaintances. It is thought that a large portion of the outward investment in the early years of its occurrence will be wholly or to a large extent channelled via Hong Kong because:

- Hong Kong is part of China
- it is better known than other conduits
- the legal system in Hong Kong is known to be effective within the mainland
- contacts and relationships already exist with firms in Hong Kong.

The mainland legal system is part of the state and very different from that of Hong Kong. It is inevitable that, as Hong Kong and the mainland integrate further economically, their legal systems will have to have (or have developed) some form of interface. There will be considerable work to be done in this area both in design and application in order to achieve consistency. As this area develops there will be demand from business people for advice on the implications, the workings and the benefits that might be obtained from judicious use of both systems.

Interviewees mentioned that there had been active exchange between judges and others from both systems prior to the handover since when the pace of activity had declined. Despite that, interviewees mentioned that the Hong Kong system was having some effect upon the mainland system in small ways, such as certain procedures in court and the increasing tendency for Chinese judges in civil actions to write judgements containing their reasoning. No-one can predict how extensive this influence will be but if it were to develop further, those understanding the ramifications of such developments would be in a better position to advise clients on their possible use of the mainland legal system and the most practical remedies for them to adopt in their contracts and in disputes.

New Legislation

Several interviewees believed that Hong Kong would introduce more legislation in the regulatory and rights areas. They cited the Securities and Futures Bill before the Legislative Council that criminalises insider dealing but does little to protect minority shareholder rights. Their opinion is that, if Hong Kong wants to attract significantly more investment in its stock market, the Government will have to introduce further legislation to protect minority shareholders and reduce market manipulation. They consider such legislation should be introduced earlier rather than later in the decade.

Interviewees also felt that there would be new legislation increasing awards and compensation relating to employment and consumer protection. This legislation is expected to introduce further anti-discriminatory measures and their resolution in tribunals (a combination of those existing and new ones to be established) after attempts have been made to settle differences by conciliation and mediation. In parallel with these developments, it is possible that the courts may raise the levels of awards for

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damages and compensation within their discretion to levels more closely akin to developed economies such as the US and the UK.

If these developments occur there will be an increase in the demand for legal services from providers specialising in these areas. The providers would be barristers and solicitors ranging from the international firms to the small local firms.

Dispute Oriented Culture

Hong Kong is expected to move to a more dispute oriented culture in the decade. Interviewees felt that the younger generation (those below 35) who had the benefit of education and careers would be more likely to pursue a dispute to an acceptable resolution than their elders. In doing so they would take a fairly pragmatic approach with a view to obtaining an acceptable solution more than pursuing a cause for its own sake. As this age group progresses through the decade, it would have more wealth and position to support its intentions and objectives. It would also exert an influence on the generation coming after it.

Others expressed the view that Hong Kong people by nature are less dispute oriented than their counterparts in developed countries due to the underlying culture here and the cost of seeking justice or retribution. These interviewees acknowledged that Hong Kong would absorb the influences of the cultures of other developed countries, albeit that a time lag would apply. They felt that the time lag would shorten due to both the expansion of international communication of information and the exposure of more Hong Kong people to overseas influences resulting from their studying and working outside Hong Kong. It was also recognised that as the economy developed during the decade, more foreigners would come to Hong Kong to work for varying periods and they would have some influence on the development of attitudes and thinking in Hong Kong.

This situation means that there is a likelihood that there will be a trend of increasing demand for provision of advice and assistance in solving disputes. This demand will vary in terms of value of matters in dispute but will be characterised by the desire for a pragmatic approach that produces an acceptable result more than pursuit of a principle for the sake of the pursuit. This situation will provide opportunity for solicitors in all tiers and, to a more limited extent, barristers to provide assistance, especially for those who have developed negotiation, conciliation, arbitration and limited cost litigation techniques.

Criminal Activities

Several factors were identified by interviewees to support a prognosis that there will be an increase in criminal activities in the decade although Hong Kong is perceived to be relatively law abiding when compared with almost any other major city. These factors are:

- an increase in population
- an increase in illegal immigration
- an increase in juvenile delinquency and “broken” homes
- the emergence of an ill-educated, economic underclass
- continued increases in drug and alcohol abuse
- the “quick money, comic book, instant gratification” culture challenging the culture of social improvement through self development, hard work and wealth creation
- Hong Kong as a society going through a socialistic phase as part of its development as has been experienced by other developed societies

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- wealth and a service economy fostering more commercial fraud and other white collar crime (a number of observers stated that they thought there was significant amount of undetected and unreported commercial fraud occurring now)
- an increase in the crime detection rate by police in due course.

When criminal activities increase, there is a corresponding increase in the demand for legal services albeit through Legal Aid, Department of Justice prosecution (inclusive of briefing out) and the need for magistrates and judges. The nature of the increase means there would be a requirement for some providers to develop areas of specialisation, e.g. commercial fraud and crime.

Other Areas of Demand

A number of other areas of demand were mentioned by interviewees as being important but unlikely to generate the need for many providers of legal services. These areas are:

- constitutional law
- human rights
- competition law
- WTO dispute resolution.

Constitutional Law

The focus for constitutional law will be the Basic Law and how it fits with both common law and statute law. The high profile Rights of Abode cases are expected to have been dealt with by the end of 2001 after which the focus will move to matters such as:

- constitutional change
- compliance with and application of the Basic Law
- the practical implications flowing from the evolution of “one country two systems”.

Other points of focus will also emerge. Demand in this area of law will be spasmodic but those practising will need to be specialists. Some interviewees felt that Hong Kong may be at a disadvantage in no longer having a Professor of Constitutional Law at any of its universities. Their view was that those specialising would need to do so on the job and, since Hong Kong does not have a tradition of specialisation in constitutional law, it would be possible that specialists from outside Hong Kong would have to be used as needed to supplement the knowledge and experience of local practitioners. The opinion of interviewees who commented on this area of demand was that it would be principally barristers who would specialise in this area.

Human Rights

This area of law is really an extension of constitutional law and a specific area of it in terms of principle. Hong Kong lives by basic tenets of human rights: all its citizens are equal before the law, the law should be enforced equally without fear or favour and all people are entitled to have access to the remedies of the law, both citizens and non-residents. In terms of application, Hong Kong already has a significant amount of human rights statute and common law, e.g. electoral law, immigration law, taxation law, employment law, family and child law.

Interviewees mentioning human rights were referring to principle more than application. The demand in the area of principle will be driven by:

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- any changes in Hong Kong's constitution (few expected)
- the ramifications of the development of "one country two systems"
- new legislation
- the development of common law precedents in this area
- changing perceptions of human rights internationally that are adopted by the Hong Kong community
- changes in perceptions of human rights within the mainland.

The comments above regarding the demand generated by constitutional law and how it will be met apply to human rights principles.

Competition Law

This is an area of economic activity within Hong Kong where opinions differ markedly. Many surveys and reports herald Hong Kong as a free economy, possibly the most free in the world. Supporters point to how the "business system" in Hong Kong has served Hong Kong and the majority of its people well. Barriers to entry in many trading and service related areas are few, hence the plethora of small businesses in Hong Kong.

Critics state that there is little genuine competition in Hong Kong because Hong Kong has been built on cartels and monopolies that have been successful in achieving rapid economic progress but are inefficient and a denial of true supply and demand movements, which also constitutes an abuse of individuals' economic rights. They mention the political as well as economic power of vested interest, the abuse of power within the economy, e.g. minority shareholders are powerless in what are effectively family-owned listed companies; insider dealing is often unpunished.

Hong Kong is principally about business. Perceptions are that in terms of volume and assets controlled, large corporations dominate the economy although in terms of numbers small and medium size enterprises abound. There is a continuing campaign, often low key, to introduce competition law and a form of competition authority. Models postulated to date have been based on UK experience but there have also been those looking to the anti-trust regime of the US. The Government has a policy of dealing with any major issues that arise on a sectoral instead of unilateral basis, being cautious about introducing legislative change.

Unless there is significant legislative change, demand for legal services focused solely on competition law will be inconsistent and at best moderate. It is possible there may be a higher demand for legal services within certain sectors where either common law precedents exist that rule against anti-competitive behaviour or there is statutory provision, e.g. the Telecommunications Ordinance. Even then interviewees did not see significant, consistent demand throughout the decade.

WTO Dispute Resolution

This area of law focuses on issues between Governments and is highly specialised. Interviewees expect that Hong Kong will seldom be involved in such disputes unless it changes fundamentally its policies regarding regulation of the economy, a development rated very unlikely to happen. In terms of Hong Kong generated demand, the assessment of interviewees was very low to nil.

China's accession to the WTO could well provide significant demand for legal services by the Central Government and by both Chinese and international corporations. The demand would arise from:

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- different views in interpretation of China's status within the WTO
- the uneven implementation of Central Government WTO related policies throughout the country
- actual infringements
- the protectionist sentiments of politically influential business lobbies in the US and Europe.

The specialist skills in this area would need to be imported as there are few providers of legal services within the mainland systems that have the knowledge and experience. Interviewees felt that the expertise lay in the US and Europe but that a significant potential opportunity could exist for Hong Kong providers of legal services operating in the mainland. Their advantage is having more experience and knowledge of the business, political, bureaucratic and cultural factors applicable in the mainland than the specialists from the US and Europe. There would be an opportunity for Hong Kong providers of legal services to work with the specialists and mainland legal counterparts to learn from the specialists. Such Hong Kong providers would need to specialise themselves and probably form alliances with the overseas specialists to provide additional support when needed.

This potential demand was seen as being an opportunity that would develop during the decade but only for a relatively small number, initially, of Hong Kong providers of legal services.

UNMET DEMAND

Current Situation

The response of interviewees was interesting: there are now few areas of demand that cannot be met under the present system but much potential demand is extinguished by the expensive nature of obtaining legal services other than through the Legal Aid Scheme and the Free Legal Advice Scheme. Respondents did note that there were groups of people who could suffer abuse of their rights, e.g. foreign domestic helpers, employees made redundant by business closures without compensation and children who are abused. The structure of the system is such that the majority of these groups of people can have access to their remedies under the law at no great monetary expense to themselves through use of the Legal Aid Scheme.

Reference was also made to the culture of Hong Kong being non-legalistic: people will try to settle their differences between themselves by negotiation and mediation rather than seek legal redress. For many it is still regarded as a sign of weakness or failure to seek legal assistance except for property conveyancing, probate and divorce.

The apparently low level of unmet demand may be due to another factor in addition to the cultural aspect: many lower income and poorer people obtain forms of legal advice from these sources:

- the hotline assistance given by some statutory authorities (e.g. the Mandatory Provident Fund Authority) and Government bodies
- the media, especially the press
- Legislative Councillors and, to a lesser extent, District Councillors
- Social welfare workers
- Residents and similar associations
- Business associations and the seminars they organise that have a legal element.

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The degree to which advice is obtained from these sources is not accurately known but anecdotal evidence suggests that it is extensive in the areas of statute law and civil matters. Advice is not always sought with the contemplation of a dispute. Sometimes, enquirers want to establish what their rights and responsibilities are and what systemic remedies may be available to them.

Some interviewees considered that the more specialist areas of demand mentioned in this chapter under "Other Areas of Demand" are examples of unmet demand but they agreed that the volume of such demand was minor. In respect of immigrants from the mainland who have been or are involved in Right of Abode cases, nearly all interviewees felt that the demand was being met by the system.

Others suggested that some mainstream areas of demand were essentially unmet in that Hong Kong lacked the appropriate specialists. The areas most frequently mentioned were IT and telecommunications. It was also said that in respect of finance related work, major M&A activity in the region was not met principally by Hong Kong lawyers but by foreign trained lawyers practising foreign law who were based in Hong Kong. Thus, the demand is being met by providers of legal services in Hong Kong who specialise in the area but who are not Hong Kong born people. The situation differs regarding M&A activity in Hong Kong where Hong Kong born providers of legal services are heavily involved via the legal profession and the accounting profession.

All interviewees agreed that the costs of using legal services when appearance in court is involved, are very high and out of the reach of the majority of people living in Hong Kong. This situation also applies to the majority of businesses in Hong Kong. Consequently, the less wealthy are catered for by Legal Aid but the needs of the middle income (sandwich) class are not catered for by this scheme. Effectively, the majority of needs they have for legal services are unmet.

Our observation is that this is not an entirely accurate assessment. During the days of the property boom in Hong Kong, a number of the middle class were involved in property transactions and were able to meet the conveyancing fees charged. People of relatively low income do not hesitate to obtain legal services in cases of disputes over deceased relatives' estates or provident scheme payments if they feel the sums involved warrant the approach. These types of needs are typically met by solicitors practising in the sole practitioner to medium size tiers of the profession. What is in doubt is the extent to which people in the middle income category who are ineligible for Legal Aid will initiate or pursue actions that will lead to a court appearance and the retention of a barrister. Similar comments apply to small and medium size businesses. They are likely to use solicitors for issues that they think can be resolved easily and, so, avoid incurring heavy fees. They are far less likely to initiate court proceedings and, if prosecuted by the Government, will choose between representing themselves and using a solicitor or barrister if their appearance is outside a magistrate's court. In civil actions they may use a solicitor initially but would normally look to try to resolve the matter by negotiation.

Future Situation

Interviewees generally agreed that, overall, there would not be much change in the areas of unmet needs if the costs of using the legal system to go to court continued to be perceived as expensive. They agreed that in areas such as IT, the unmet need of today would be met by the importation of skill and the development of local providers of legal services. They also felt there was a possibility that the increase in demand in these areas would outstrip the supply locally and can only be met through importation, thus continuing an element of unmet need.

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The other two factors that they considered could change the situation were:

- a reduction in the costs of legal services involving court appearances so that they would come to be perceived as no longer expensive and unobtainable
- an expansion or contraction of the coverage of Legal Aid.

Interviewees would welcome an expansion of Legal Aid on the basis that the user would have to undergo a means test and contribute proportionately depending on assets and income if they exceed the levels set.

In respect of other unmet needs for legal services, we believe the following factors will lead to a reassessment by individuals as to whether or not they have a need:

- change in culture to a more rights and dispute orientation
- education making people more aware of their legal rights, especially in the consumer area
- the Law Society and Bar Association permitting the practice of contingency fees to be introduced
- an increase in wealth in real terms for the majority of the population
- simpler methods of dealing with some issues, e.g. tribunals, the Small Claims Tribunal coverage being radically increased, the pilot scheme on Family Mediation
- the providers of legal services becoming far more efficient and transparent in the provision of their services that are relevant to the client's needs.

The developments stated above would not remove all unmet needs but would go a considerable way to removing needs currently assessed as remaining unmet in the future. Once those needs were met, others would emerge.

SUPPLY

Major Concern

In this section we look at solicitors, barristers and paralegals. The major concern we have heard expressed is that there is an oversupply of legally trained people in the legal professions and the current output from the universities stated to be around 450 to 500 p.a. completing the PCLL compounds the situation.

The Law Society is advised by the universities that the number of people passing the PCLL has been:

Year	Number
<i>Full - time</i>	
1997/98	371
1998/99	348
1999/00	359
<i>Part - time</i>	
1996/98	22
1998/00	32

These numbers are significant but well below 500 p.a.

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Solicitors

On page 11 we set out aspects of problems affecting supply for solicitors.

Oversupply

The first of these relates to an alleged current oversupply of solicitors. Putting this statement into historical context, the Law Society Annual Report for 1999 shows that the number of Practising Certificates has increased every year since 1989, the large increases coming in each of the five years 1994 to 1998. In 1989, the number was 2,152 and in 1998 4,619 while in 1999 the number rose slightly to 4,720.

The number of new solicitors admitted shows a slightly different picture. In 1989 the number admitted was 252 and this figure increased each year to 498 in 1994, dropping minimally to 490 in 1995 before rising again in 1996 then again in 1997 when the figure reached its peak at 560. In 1998 the figure declined to a still healthy 524 before dropping significantly to 432 in 1999.

These figures could suggest an oversupply in view of the economic downturn. If there were truly an oversupply it would be expected to show up in the number of law firms, especially in the sole practitioner and small firm area. The figures in the Law Society Annual Report for 1999 indicate differently:

Size of Firm	Number of Firms		Number of Trainee Solicitors	
	1999	1998	1999	1998
Sole Practitioners	236	222	75	62
2 – 5 Partners	311	303	227	232
6 – 10 Partners	40	37	109	97
11 – 20 Partners	16	16	111	117
Over 20 Partners	5	5	88	85
In Government	0	0	10	17
TOTALS	608	583	620	610

The above situation would indicate an oversupply only if there was insufficient work for all the people employed. In such circumstances, we would expect to see reductions in figures in 1999 compared to 1998 but the reverse applies. On the surface, these figures appear to indicate there was sufficient work to justify taking on more professional staff (or, for sole practitioners, to set up in business). While trainee solicitors can be looked on as a low cost form of professional labour, most professionals compensate to some degree by spending more time on supervision than they would relative to a qualified solicitor. The Law Society Annual Report for 2000 will help to throw additional light on this situation.

What has happened has been a reduction in the number of unqualified staff, such as conveyancing clerks and secretaries. There has been a steady decline appearing to mirror the elimination of scale fees, the decline in the property market and the general impact of the Asian financial crisis as the following table shows:

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Year	Number
1997	15,206
1998	13,255
1999	12,707
2000	12,603

The rate of reduction has slowed considerably in line with the upturn in the economy. It seems probable that any oversupply of qualified professionals has been catered for by the reduction in non-qualified staff, although it is possible that part of the reduction may have resulted from restructuring of organisations and systems to improve efficiency.

The third point in our list on page 11 related to too many legally trained people entering the profession after taking their PCLL. Of the 393 people completing their PCLL in 1998, 297 entered into contracts as trainee solicitors. In 1999 the figures were 348 and 333. In our opinion, these figures are not overwhelming. On the basis of an average 330 trainee solicitors being admitted per year, it would take over 13 years for the aggregate of solicitors newly admitted in each of those years to equal the number of solicitors with practising certificates at the end of 1999. That makes no allowance for filling the places vacated by people leaving the profession for whatever reason in that time.

The situation has been made slightly more complex to predict due to the deprivations of solicitors' practices caused by the e-Commerce or the "dot.com" phenomenon of late 1999 and early 2000. The emergence of the dot.com companies and the attempts by numerous of them to try to list on the Growth Enterprise Market led to an exodus of professional and semi-professional staff from some law firms that was difficult to fill. The bubble created then burst and its immediate after effects disappeared, virtually entirely during 2000. We estimate that the majority of the professionals who joined the firms found themselves without a job. Some will have returned to the profession, others may have gone onto openings elsewhere in the economy or have migrated overseas. Again, the Law Society figures at the end of 2000 will help to make this situation clearer.

An important sign regarding oversupply or not relates to remuneration. We have been told that some firms in the international and large local firm tiers gave key professionals salary increases and bonuses in the range of 12% last year when their overall payroll costs rose not more than 3%. In 2001 a similar pattern is expected when the remuneration of solicitors who are not partners and some associate solicitors may increase by as much as 15% while the increase in overall payroll costs are held to 4%. Large local firms note that the international firms (sometimes referred to as the "city" firms) often set the pace in respect of remuneration paying highly to attract the better law students graduating from Hong Kong's tertiary education institutions.

The above information, based on interviews and not hard evidence, suggests that for these two tiers of solicitors' firms there is a shortage now of supply that will grow worse should the economy expand, China be admitted to the WTO and the feeder supply not increase.

A factor that contributes to the overall situation is that many professionals focused almost wholly on conveyancing and property related matters in the 1980s and first three quarters of the 1990s. For larger firms there was more of a buffer when the property market bubble burst since they had developed the other property-related aspects of their

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property departments. For smaller firms and sole practitioners who had the same concentration on property (almost wholly conveyancing) in their practices, the blow was much harder to overcome as it meant they had to find other areas of law to practise. We have been told that those who were older and had been involved in conveyancing for many years found it extremely difficult to make the change. Based on the evidence we have gained in other professions and industries undergoing change, we believe this view to be correct.

One interviewee felt that something ought to be done to help these older solicitors and they should not be left to suffer severely for misjudging the market. It was suggested that the Government ought to help them by reserving perhaps up to 5% of its lower value (HK\$1 million or less) outsourced work for local firms only to tender on. This would not contravene an open market and would provide an opportunity for the displaced. We sympathise with this attitude and were pleasantly surprised to hear it expressed but we cannot recommend it since too many practical problems would be encountered in trying to ensure that it would achieve its purpose and that those commissioned would deliver the expected quality.

Fortunately, almost two thirds of solicitors with practising certificates at the end of 1999 had been admitted by the Law Society during the previous 10 years. This statistic suggests that the majority of solicitors are still relatively young (less than 40 years old) and, taxing though it is, would be able to cope with change.

There is another beneficial aspect arising from the declining importance of property: it has enabled the profession and its individual members to realise that they need to be more rounded and mentally alert to acquiring a greater knowledge of the law for their own protection. This should enable the profession to adjust more readily with less complacency (a criticism levelled at practitioners by themselves in our interviews) to the changes in demand for legal services that will ensue in this decade due to the nature of Hong Kong's economic development.

Foreign Lawyers and Insufficient Supply of Specialists

We have been told that the admission of foreign trained lawyers to practise Hong Kong law after passing relevant examinations has an adverse impact on the situation for local solicitors and those completing their PCLL, since they are perceived to have greater influence among clients than their local counterparts. In the five years 1996 to 2000, the Law Society admitted 549 overseas trained lawyers as Hong Kong solicitors, 38 of whom continued with foreign law firms that converted into Hong Kong law firms. At the end of 1999, there were 480 foreign lawyers who were registered with the Law Society, of whom 241 worked with Hong Kong law firms. The number of foreign law firms at that date was 51 (up from 49 at the end of 1998) of which 33 were firms headquartered in the US.

241 foreign solicitors as a proportion of 4,720 with practising certificates is a shade over 5%. This does not constitute to us a threat to the other Hong Kong solicitors. The numbers admitted in the three years ended 31st December 1999 are 549 or approximately 150 per year. Total admissions in those years were generally three times this figure and higher.

In view of what we have said earlier regarding anticipated growth in demand we view this level of admission as acceptable in that solicitors with some knowledge of other jurisdictions, cultures and business practices bring that knowledge to Hong Kong and, for the most part, work with Hong Kong trained lawyers on both international and local matters. This experience allows both sets of lawyers' experience, knowledge and

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outlooks to be available to the other set. We see this as beneficial for the legal profession in Hong Kong. We also found virtually no interviewee who was opposed to foreign trained lawyers being allowed to come to Hong Kong and, once here, being admitted to practise Hong Kong law provided they had passed the relevant examinations. Their reasoning was nearly always that it would improve the competitive situation in Hong Kong from the perspective of consumers of legal services.

Interviewees generally were uncertain if there was a demand for foreign trained lawyers to practise foreign law in Hong Kong but they saw no reason to deny them access to do so as it would be a matter of market forces. Some interviewees cited that certain foreign law firms had thrived, some had converted into Hong Kong law firms through their partners being admitted to practise Hong Kong law (the figure of 17 firms over the five year period from 1996 to 2000 was advised by the Law Society) and some had wound up their practices here for unspecified reasons (the figure of 8 firms was advised by the Law Society over the same period).

The figures produced by the Law Society fit with what a small number of interviewees had told us about the economic activity of the region and internationally and how Hong Kong fits into that situation as a provider of legal services. The consumers (usually investment banks and large corporations) want providers of legal services who have the skills and an understanding of their needs (and language). They are prepared to pay on results and set demanding standards for their legal service providers. They expect their providers to manage their practices as businesses and to be wholly at ease in a business environment while retaining their professional integrity.

In the future, there will be an increase in this style of demand. The consumers will give preference to firms they know can perform as they wish and, in doing so, will give marginal preference to firms from their own country of origin when choosing between firms they have not used before. This situation should not deter Hong Kong firms – several of the larger ones have already recognised the challenge and started to respond to it to varying degrees. We agree with our interviewees who stated that they saw the number of foreign firms increasing in Hong Kong but not as much as the increase in foreign lawyers, some here on brief visits as experts, others for up to two years before moving on into the mainland or the region and others staying here for an average of five years before pursuing their career paths elsewhere outside Hong Kong.

The insufficient supply of specialists is a problem for Hong Kong but one that is recognised and in response to which many Hong Kong law firms affected have taken different mitigating steps. Two obvious areas are IT and entertainment media specialists. It would be sensible for Hong Kong law firms to build up their own specialist teams and we understand some are doing so in both areas. While that is happening there will be a need for alliances with overseas firms that have the experience and can supply it effectively.

Responses cannot be orchestrated by the Government or the Law Society but have to be left to those in the market making their own assessments and judgments of where they want to focus their resources and what risks they wish to bear. As we have said before, if there is an area of demand and Hong Kong law firms cannot service it properly then the consumers will find a suitable solution either in Hong Kong or elsewhere.

Mainland trained lawyers are no different from foreign trained lawyers except that the Ministry of Justice of the Central Government makes it difficult for mainland qualified lawyers to obtain permits to come directly to Hong Kong to work. It is easier for Hong Kong firms needing mainland trained lawyers to advise on mainland law to recruit those who have been overseas to study and are considering returning to the mainland.

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Interviewees have told us that there is already a demand for mainland trained lawyers to advise on mainland law in Hong Kong that is not fully met. At the end of 1999 there was one mainland law firm permitted by the Law Society to practise mainland law in Hong Kong and there were 37 lawyers of PRC origin who had been admitted to practise by the Law Society.

Barring totally unforeseen developments, there will be a large increase in the demand for mainland law advice in Hong Kong during the decade whether or not China gains accession to the WTO. There will be an increase also in the ability of Hong Kong firms consulted on matters relating to Hong Kong and the mainland, or the mainland only, to be able to assist clients to implement that advice effectively in the mainland and Hong Kong as appropriate to each individual case.

This would require, at the least, Hong Kong firms to have a branch or an effective alliance with a mainland law firm appropriately located in the mainland. It would also be sensible for Hong Kong lawyers and mainland lawyers working in Hong Kong law firms to be able to advise individually instead of in teams on both sets of laws and legal practices. Under present regulations that would require Hong Kong lawyers to obtain licensing as mainland lawyers, a route that will become open to them provided they pass the relevant examinations and for mainland lawyers to obtain admission as Hong Kong lawyers provided they pass the relevant examinations. This they can do but they have to be in Hong Kong to do so (provided they can obtain permission from the Ministry of Justice to emigrate to Hong Kong). There may be a need for the Law Society to review this issue further and speedily in order to cope with the inevitable and rapid increase in demand.

Quality

One of the issues raised on page 12 of this report is the way some international firms are raising the standards of practice. This observation by interviewees is not surprising. The nature of business and Hong Kong's economic role are changing rapidly. Following behind this, with an understandable lag, is the change of social attitudes and demands.

It is no longer acceptable to almost any client to have a solicitor be a provider of law with a superior, complacent attitude (criticisms of past attitudes stated by some interviewees) and no practical solutions.

The drive for quality will affect the whole profession, be it the international, large local and foreign firms or the sole practitioner. It means managing practices as businesses that are client oriented. It means investing in fast response, effective information systems and training everyone (including older partners and practitioners) how to use them. It also means finding ways to improve the systems in order to improve the efficiency of the support mechanisms. With that will come training in law and the practice of law as demanded by clients. It leads on to delivery and performance standards and quality reviews.

If firms or sole practitioners cannot afford or decline to make these investments they will most likely go out of business in this decade regardless of what connections they have. It is no use such firms bemoaning the fact that they are small and lack the capital – the situation described will become the minimum expected by clients of all types and it would help them to be made fully aware of this as soon as possible. It may be sensible for the Law Society to address the need for training in “business philosophy and reality” very soon and on an ongoing basis. The messages coming on top of a downturn of a severity not experienced since the oil crisis of the 1970s will be unpopular to many members of

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the Law Society as change always is for the majority. It may also be sensible for the Law Society to look at various ways to encourage small firms and sole practitioners to investigate ways of sharing the investments needed. The development of group practices is one potential solution that has been considered and taken to the point where the law drafting process is taking place.

Barristers

Supply

As we have recorded earlier the current supply situation is seen differently by various of our interviewees. The depiction of too many barristers, many of whom are juniors struggling to make a living, is supplemented by interviewees and others who refer to going always to London for opinions and representation in court. Some interviewees made the comment that only law graduates who cannot obtain a traineeship with a firm of solicitors take up a pupillage. This last comment appears to be an exaggeration. It is possible that during the downturn a number of law graduates were unable to find traineeships due to the cutbacks effected during that time and even some assistant solicitors who lost their positions may have turned to the Bar.

The same interviewees also stated that the cream of the graduates was lured to join the international firms of solicitors by high remuneration and career prospects. This comment is borne out to some degree by others to whom we have spoken on other projects but again there may be some element of exaggeration in the statement as certain large local firms also contend that they accept only the top graduates.

Others refer to the increase in the number of barristers over the years and to the entry into the profession including people who have developed their careers in other fields to a reasonable level before turning to take up pupillage. These interviewees also commented that there was a crop of competent younger barristers with around five years' experience who are making a reputation for themselves, gaining stature and work as a result. We believe that advocacy and the chance to specialise through extensive research into a small number of areas of the law have their appeal and will draw a mixture of people to the profession. Some who enter will aspire to join the small number who reach the very top of the profession and earn very high remuneration, others will be content to reach the next level close to the top and well respected who make a very comfortable living. Others will make a niche for themselves, become known and through their clerks make connections with a sufficient number of firms of solicitors to be kept reasonably busy providing opinions. Interviewees commented that many will start their careers working for Legal Aid and some will not migrate beyond that activity more due to lack of ability to do so than by choice. These comments disregard the many who develop their careers in Legal Aid from a sense of vocation and community commitment.

Statistically, the number of barristers has been increasing, as the following table demonstrates:

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Year	Joiners	Leavers	Total Practising	Senior Counsel
1996	N/A	(36)	624	48
1997	60	(24)	660	53
1998	58	(35)	683	52
1999	67	(22)	728	53
2000	54	(30)	752	57

Source: Bar Association

The numbers in this table indicate a growing profession where membership has increased more than 20% in four years, despite the economic downturn.

Demand

The likelihood is that the demand for opinions will increase rather than diminish due to the various developments we have outlined, specifically the regulatory new legislation that is expected, aspects of international contract law and the interface between Hong Kong and mainland law. There will also be areas of law for which there is insufficient demand to support many barristers but can support very small numbers, e.g. constitutional law and human rights.

In the area of advocacy, the problem of diminished opportunity to gain experience in criminal work at the magistrate court level has been cited as a concern. That experience is needed in order to progress to handling cases in the higher courts and establishing a practice prior to taking silk. The situation is compounded in that a significant amount of work in the courts is undertaken by way of Legal Aid and the system requires a reasonably even distribution of briefs among barristers on the Legal Aid list so that the more competent will not be able to dominate and gain experience faster that way. While development of the more competent and weeding out of the less able may be desirable from the community perspective, the potential for nepotism, favouritism and corruption speaks against a change.

In civil cases, we have heard some criticism of the tribunal system because parties may not be legally represented (although this does not apply on appeal) solely for the reason that it closes to younger barristers the opportunity to gain experience.

We have noted earlier there is a concern that the pursuit of justice through the courts for criminal or civil matters is highly expensive and leading to alternative dispute mechanisms, such as arbitration. Some interviewees felt this development was to the disadvantage of younger barristers. We tend to agree with other interviewees that alternative dispute mechanisms do provide opportunities for solicitors and barristers. The opportunity can favour barristers particularly when there are tricky points of law to be explained to an arbitrator without legal training. Barristers who are prepared to specialise in certain subjects, e.g. construction law and learn more than just the law surrounding the subject selected, could do well in arbitration and develop their advocacy skills provided they realise that other professionals, such as engineer claim specialists, will compete with them for the work.

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London Counsel

Criticism was voiced by a small minority of interviewees that allowing silks from London to take cases in Hong Kong courts deprived local barristers of valuable experience. The majority of interviewees felt that this practice should be allowed to continue (provided access is on a basis that is equal for Hong Kong silks wishing to appear in the UK courts) in order to provide:

- a greater amount of competition that would be beneficial in holding down fees
- more international knowledge and experience being available within the Hong Kong legal system to the benefit of the system generally and to clients and judges in particular
- the opportunity in civil cases for Hong Kong barristers to gain advocacy experience personally and by working with a competent senior as more cases would be taken to court instead of possibly being handled by other means.

If the economic development of Hong Kong occurs approximately as we have described it earlier in this report, there will be more cases being heard by the courts and this will increase the need for advocates to plead them.

In the four years to 2001 there has been an overall increase in the number of London Counsel connected to the Bar Association:

Year	Admitted on Ad-Hoc Admission	Associate Members of the Bar Association
1996	19	7
1997	11	10
1998	16	10
1999	32	11
2000	33	14

Source: Bar Association

The Counsel in London connected to the Bar Association have shown a marked, relative increase during the period when there has been significant growth in the total number of practising barristers in Hong Kong.

Quality

The comments made in regard to solicitors concerning quality apply equally to barristers if they are to provide services that satisfy clients and, by so doing, collectively encourage clients to use their services. This situation will apply increasingly in the decade despite solicitors interfacing between the barrister and the client. There will be the same demand for standards of performance, precision, clarity of language and advice on the practical options open to a client that will apply to solicitors. Some interviewees mentioned that these qualities, especially the last one mentioned, are more readily found

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among barristers in the UK than in Hong Kong. We imagine there are barristers in Hong Kong at all levels of the profession who are capable of satisfying these standards. Equally, there may be some who, for lack of experience or self confidence or due to the need to earn fees, become, as some interviewees mentioned, mouthpieces for the client rather than the client's leader.

The issue of fusion arose a number of times in our interviews. If it were to occur during the decade then the issue of solicitors who are competent advocates in lower courts being denied access to the higher courts purely on the basis of their choice as to the branch of law to pursue would be overcome. However, there would still need to be in the fused profession, people competent to:

- specialise in specific areas by research and thought about critical issues
- undertake advocacy at the level required by the matter and the court
- give opinions on important issues that are well founded and meet the client's need for clear, understandable advice on the legal aspects of issues.

Judges

The rule of law depends on the quality of tribunal presiding officers, magistrates and judges. The recruitment of suitably experienced and capable people is vitally important. Interviewees have commented on the lack of an accepted career path in Hong Kong similar to that of the UK, where barristers consider it natural to progress at a later stage in their lives from silk to the bench. They do so for the honour it bestows on them professionally despite the reduction in earnings that accompanies such a move.

Magistrates and judges are recruited mainly from solicitors and barristers and, increasingly, they need to be able to speak both English and Cantonese. In view of the use of both English and Cantonese in court it is important that bilingual judges (also magistrates and presiding officers) are competent in:

- written English
- spoken English
- written Chinese
- spoken Cantonese.

Since Hong Kong's future economic development will tie Hong Kong further into international business and the effects of globalisation, English will be the predominant commercial language followed by French. Some interviewees think it would be sensible to recruit some judges and a few magistrates from outside Hong Kong as the decade progresses and as the Basic Law allows. This will enrich the Hong Kong bench and assist it in upholding its reputation both in and outside Hong Kong.

Interviewees mentioned to us the practice of using Judges in the Court of First Instance to hear both criminal and civil cases in order to be efficient. Apparently, Hong Kong is the only jurisdiction in the world where the performance of judges is measured in terms of quantitative output. There is no measurement apparently of the quality of written judgements in civil trials and the oral summing up in criminal trials. This system is a distinction for the Hong Kong legal system but considered by some to be of dubious merit.

In relation to future headcount requirements, certain interviewees questioned the wisdom of having Judges try both criminal and civil matters and if they would be sufficiently

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experienced to conduct trials that would be fair to the parties involved. They took the view that a Judge should specialise in one area or the other since:

- the law in each area is different and should be subject to specialisation in specific areas by Judges
- some of the techniques required of a Judge in controlling a trial differ between the two areas of law
- the caseloads can differ between the two areas of law: a criminal judge may spend several weeks guiding a trial and spend a relatively short period in summing up; a civil court judge may have three matters before him in a morning, each requiring a researched written judgement.

Others took a different view in the belief that judges would be able to follow the principles of law in both branches and would soon learn the necessary techniques and processes of each branch.

We expect the caseload of the courts to increase for the various reasons we have set out earlier in this report and, if the cost of obtaining justice were to be reduced significantly, then the caseload could show a dramatic increase by the end of the decade. These developments would increase the need for more judges (the number being determined in part by the use or not of judges to try both civil and criminal cases), magistrates and tribunal officers. They might also require more buildings to house the courts required.

Other Professionals

The categories we deal with briefly here are:

- Law draftsmen
- Law costs draftsmen
- Government prosecutors.

Law Draftsmen

The Government built up its law drafting section in the 1990s and so the need for additional staff will be determined by those leaving the section and the volume of work the section is expected to produce. Drafting statute law is a particular skill that has to be learned and requires an understanding of the principles of law applicable in Hong Kong. The skill is honed by gaining practical experience. It is expected there will be no less law drafting during the decade than there was in the 1990s with the difference that it will be in a variety of areas, some highly technical and specialised. The Government will need a core of talented staff and the ability to contract in specialist expertise for periods in specific areas. In the past law draftsmen have developed careers taking them onto the High Court bench. Provided this career path or other of similar standing are open to capable law draftsmen, we believe there should not be a problem of supply of law drafters as they are a relatively small group.

Law Costs Draftsmen

The demand for law costs draftsmen is one that is hard to assess. It will depend on the number of matters being referred for taxing. It has been described to us by some interviewees as very boring work. We have been told that there has been a move, where appropriate, towards lump sum taxing in place of detailed analysis and assessment. There may be something of a shortage of these people as was indicated in the Peregrine liquidation hearings when the Official Receiver was requested to provide

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this assistance but was unable to do so without resorting to contracting in. We believe this is an area of activity that will increase if the caseload of Hong Kong's courts increases and if clients have complaints about the fees charged by their providers of legal services. Should alternative dispute mechanisms also develop, as appears highly likely, we anticipate that some form of costs taxing may be introduced in this area, either within the process (be it mediation or arbitration) or by reference to a Master for taxing.

The nature of the work requires some legal knowledge in order to be able to assess how much time might reasonably be spent on a matter. That time will depend on the facts of the matter, how they are provided to the service providers, the structure of the providers' office, the quality (and cost) of precedent systems, the level and experience of staff used and the amount and quality of supervision. Other knowledge and skills that are important in this area are competent analysis, costing (and costing systems), some elements of accounting, rates charged by different providers for similar services and an appreciation of time that ought to be spent allowing for influencing factors, such as provision of information by the client in parcels and with lack of clarity. There may be sense in developing some form of certified training provided by tertiary institutions that is recognised by the Law Society providing a specific class of membership. We suggest this because the same high degree of ethics and integrity expected of a solicitor or barrister should also be expected of a law costs drafter. It is preferable that people who lead teams undertaking law costs drafting have some form of undergraduate degree and professional qualification (legal or accounting) while those working for them would have obtained or be studying for the certificate we have mentioned.

There should be no shortage of supply of suitably trained people in Hong Kong. The issue will be whether or not they can be attracted to this type of work. The number required should be in the hundreds not the thousands unless the dispute situation in Hong Kong changes radically due to far more legal actions being initiated and referrals for costing being made. We consider that situation has a low likelihood of occurring during the decade but the trend in that direction will be clear by the end of the decade.

Government Prosecutors

Court Prosecutors have legal training but are mostly not qualified professionals in the manner of a solicitor or a barrister. They are given a nine months intensive training course then gain experience first in the magistrates courts then in the higher courts. They have the right of audience in all courts that is granted by statute. If they become professionally qualified their career path can take them through the ranks of Government Counsel to Senior Government Counsel and even higher. Those who have the PCLL may leave the Government service and take up pupillage or a traineeship. There have been several prominent barristers in Hong Kong who started their careers as Court Prosecutors. Certain interviewees held the view that Court Prosecutors were generally competent in their work in the magistrates courts due to the training they had received and the supporting systems behind them.

There were 109 Court Prosecutors at the end of 2000. During that year they had replaced the prosecutors from the Customs and Excise Department. They also undertook work for the ICAC in 2000 and are expected to prosecute cases generated by the Mandatory Provident Fund Schemes Authority.

The Prosecutions Division of the Department of Justice also employs Government Counsel, all of whom are professionally qualified. At the end of 2000 there were 109 Government Counsel. They undertake a large proportion of but not all the criminal prosecutions launched by the Government in the District Court and the Court of First Instance.

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The developments in statute law, economic growth, population and cultural attitudes that we have mentioned are expected to generate an increase in the number of crimes and offences committed and could lead to a significant increase in the number of prosecutions undertaken by the Government. The Government can either increase the number of Prosecutors it employs or brief out more work on a fiat or use a combination of these two approaches.

Whichever route the Government follows, the people it uses to undertake prosecutions will need to have specialist knowledge in different areas, for example those used to prosecute violent crimes will require different knowledge and from those dealing with breaches of the Companies Ordinance or those prosecuting commercial crime. The elements that will be similar for all of them will be case preparation, introduction of evidence, cross-examination and other advocacy skills.

The anticipated increase in demand for Government Counsel in the Prosecutions Divisions should be met by the supply of law graduates being produced now and those coming from other jurisdictions to gain admittance as Hong Kong legal professionals. The increase in demand for Court Prosecutors should present no problems in terms of supply provided remuneration remains competitive.

The important aspect is ensuring that the Government can recruit sufficient competent people for its own needs and can have access to experienced barristers (and, as appropriate, solicitors) when it wishes to brief out. If the caseload increases and the nature of the cases leads to longer trials there could be some shortage of Government Counsel (if no more than present numbers of graduates are maintained throughout the decade). We consider that if this situation were to occur, the need for additional supply would start to become evident in the latter part of the decade.

Paralegals

This group comprises paralegals, Legal Executives, clerks and, in some cases, legal secretaries. The majority of this group is employed in solicitors' practices with clerks and secretaries (sometime legal) employed by barristers. Some are employed by the Government while others work in businesses, e.g. assisting in compliance departments, acting as recruiters in personnel agencies focusing on legal appointments.

The main areas of work for paralegals and clerks in solicitors' practices have been conveyancing and IP activities (lodging papers for the registration of trade and service marks and patents). A smaller number work in other specialised areas, e.g. company secretarial departments of solicitors' practices, litigation (routine matters), probate and other areas where routine procedures and paperwork may apply.

The changes in demand that may arise if the Land Titles Bill is passed into law would lead to a reduction in the number of paralegals and clerks involved in property conveyancing, according to interviewees. The reasons are that the whole process would be simpler, electronic and require the attested electronic signature of a solicitor. The possibility that there could be a rise in the number of owners' corporations being established is unlikely to compensate in terms of opportunity for paralegals and clerks. Interviewees felt there would be some opportunity for these two groups but that a large amount of the work would be done by trainees and assistant solicitors.

Another area in which there is expected to be a reduction in the need for clerks, according to interviewees, is the IP area should registration of documents be made

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electronic. While there would still be some need for clerks, the volume of their work and consequently the demand for their services would be significantly reduced.

Some interviewees felt that if the two branches of the profession were to be fused, there would be a corresponding reduction in the number of clerks as the need for a solicitor's clerk to make arrangements with a barrister's clerk would disappear. The benefits of this outcome described by interviewees would be:

- Reduction in cost
- Greater efficiency
- Far more transparency.

Some interviewees felt that there would be no reduction in the demand for paralegals as there are many areas of the law where they can work as part of a team with professionals. In these cases, it is common to find the paralegal undertaking research for the professionals. In time and with experience, the paralegal might be involved in summarising the relevant case or statute law and contributing to developing and assessing the risk and chances of success of alternative options available to the client. The determining factors would be quality (of knowledge and supervision) and cost.

While some interviewees were aware of the designation Legal Executives, they made few comments about them, portraying them as similar to paralegals, in some cases with less legal training than other paralegals. Some commented that both paralegals and Legal Executives could go on and qualify as solicitors but that few did. Top paralegals were assessed as being the equal in competence and knowledge of their qualified professional colleagues.

We noted with interest the comments of one interviewee that some legal secretaries had been developed into a form of paralegal. This meant the secretary would develop knowledge of the legal vocabulary for a certain specific area of law and work to support one or more professionals specialising in that area. Over time, the more able secretaries would also develop additional knowledge relating to the area of specialisation that would enable them to provide more comprehensive support to the professionals with whom they are working.

The current supply of paralegals and secretaries is not expected to diminish. Paralegals normally have undertaken a law degree in Hong Kong or in another jurisdiction (where they may also have qualified as a law professional but they do not wish in Hong Kong to register and practise foreign law) and they may have training even qualification in another profession. People serving as paralegals do not have to register or gain any certification with the Law Society in order to act as paralegals. If they wish they can develop themselves, study and take the necessary examinations in order to be accepted for traineeships and admission by the Law Society. The paralegal route enables them to determine if they wish to work in the field of legal services or move on to other areas of employment. It can also enable them to specialise within areas of law. These options will continue to hold appeal to a number of Hong Kong law graduates and also to others coming to Hong Kong from other jurisdictions. It is unlikely that there will be a reduction in the numbers of students of law in Hong Kong or of those coming from other jurisdictions.

A problem could arise if the use of paralegals were to increase markedly during the decade in which case there could be occasions when there would be a shortage of supply but the likelihood of this happening was considered to be low by interviewees who commented. One person commented that legal services requiring lower levels of skill

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and knowledge might increasingly be provided by paralegals. If this were to happen, they could be expected to band together in pursuit of some form of professional recognition that might be Legal Executive or another examined qualification of a higher academic standard. Were these developments to occur, they would possibly impinge on the amount of work done by solicitors and barristers in some areas. We believe any such development will be driven or curtailed by client demand for value and quality.

The situation for secretaries could change as the use and power of IT systems spread reducing generally the need for and employment of secretaries. In contrast many people consider having a secretary an important status symbol and will resist the elimination of this role. During the decade secretaries will continue to be employed but in declining numbers as the decade progresses. People filling this role will be expected to be more multi-skilled and capable of acting at least as a Personal Executive. This development will affect professional firms of solicitors but more as regards title and status than nature of work. The secretaries who are employed as specialist legal secretaries will have the same ability and be given training similar to that they receive now. Therefore, interviewees felt there would be no shortage of supply provided potential entrants were aware of this opportunity for self development and interesting work.

Little mention was made of Legal Executives, they being regarded as coming within the category of paralegals. Some interviewees suggested that having a form of certification would be attractive to some potential paralegals. The attraction would be increased if the Law Society decided to introduce registration of paralegals with the Legal Executive certification or equivalent being the prerequisite for registration. The demand for Legal Executives is included in the description given for paralegals. Comments in respect of supply apply equally.

The situation in respect of clerks is that the demand for legal clerks will reduce during the decade but not be entirely eliminated. The supply, principally students leaving school after Form 5, will continue and the likelihood is that the supply will outstrip the demand unless alternative, higher paid employment opportunities are available to them. Interviewees felt such a development had a low likelihood of occurring.

EDUCATION

This topic is the subject of a comprehensive study and we have passed detailed comments from interviews to the consultants conducting that study. We make three points here that are particularly relevant to the supply and demand for people providing legal services.

- A. In view of the anticipated growth in demand for legal services it will continue to be important that Hong Kong trained law graduates are able to serve the needs of all sectors of society
- B. Increasingly, it will be important for the majority of Hong Kong trained law graduates to gain international exposure either by working outside Hong Kong or with firms in Hong Kong that have an international practice and who employ foreigners who may legitimately work with them
- C. All interviewees felt that education in the principles of law would be helpful in nurturing an understanding and appreciation of the rule of law and its significance for Hong Kong. The majority of interviewees inclined towards introducing this into the secondary school curriculum under "Civics" to be started not later than Form 4, provided the teachers of the subject are trained to teach it well.

CONCLUSIONS

Clients generally and wealthy individual and large corporate clients look for comprehensive, competent service that can provide speedily effective solutions in specific areas or apparently seamlessly in a number of areas of law and also locally, into China, regionally and internationally as needed by the client. Increasingly, this will be the standard by which providers of legal services are judged. Corporate clients are likely to continue throughout the decade to be the largest group of users of legal service in Hong Kong.

Demand will be tempered by the cost of employing providers of legal services, as far as individual and small business users are concerned. One interviewee commented that to produce more law graduates and hence legal professionals than are needed would not result in more competition driving down prices so much as in driving down quality as professionals eager to get work would take short cuts and risks.

In our opinion, there does not appear to be a situation of oversupply of legal professionals. There is a possibility that should Hong Kong's economy grow reasonably rapidly over the decade (despite inevitable cyclical effects), there could be a shortage of solicitors to meet the needs we have described earlier in this chapter should admissions to the two legal bodies not increase beyond current levels. We note that there could be a shortage if radical action is taken to improve the language quality of law graduates from Hong Kong's tertiary institutions. For probably at least three years the admissions to the relevant courses would fall dramatically as applicants were rejected for failure to meet the high entry standard for written and spoken English and written Chinese.

The potential developments in Hong Kong suggest to us that there is no need to take action to restrict in any way the number of people entering the profession each year.

CHAPTER 4 - PROFESSIONAL ATTRIBUTES

INTRODUCTION

Interviewees had clear opinions of the attributes that members of the profession ought to have. There was reasonable amount of agreement on what they should be.

ATTRIBUTES

The Overall List

It is no longer acceptable for a provider of legal services to be a person able to research then recite the law to clients. The professional respect that was accorded to legal professionals in the past, solely on the basis of their professional status has gone.

The attributes demanded of providers of legal services are these:

- Integrity and ethics: lawyers must realise some clients have double standards, i.e. they respect integrity except in relation to their own affairs when a win should be obtained at any cost by any means
- Courage
- Knowledge of the relevant area of law
- Problem analysis and solving skills
- Client orientation - really understanding what the client needs (for larger clients this also includes interfacing effectively with the client's team)
- Insistence on being briefed properly
- Objectivity
- Advocacy
- Communication:
 - high language proficiency (either individually or in a team) in spoken and written English, written Chinese (being able to write precisely) and Cantonese (more than colloquial conversation)
 - being a competent and patient listener
 - taking the time to understand the client's industry and the client's organisation
 - picking up the client's language and using it in meetings with the client
 - explaining the law and advice proffered in simple, concise terms that the client can understand and testing that understanding
 - keeping the client informed of progress and next steps and fees (transparency)
- Developing alternative solutions that are practical and explaining to the client the risks associated with each alternative

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- Being a business strategist and business adviser
- Project (case) management skills:
 - Time management
 - Research capability
 - Project scheduling
 - Progress milestones and reporting
 - Costing
 - Fee quotation and invoicing
 - Speed and accuracy
- Negotiation skills
- Decision making
- Computer literate and comfortable
- Marketing
- Interpersonal and supervisory skills
- Leadership when relevant
- Demonstrating value added
- Self confidence
- Financial management and appreciation
- Flexible, creative and innovative.

The range of attributes is large and comprehensive. The list can be summarised in this way: the provider of the legal service has to have the capability to be a business manager and partner at a senior level without compromising him/herself or the client. A few interviewees mentioned that the provider should also have the desire for and undertake the pursuit of general knowledge.

While the list of attributes given is applicable for a provider dealing with a large sophisticated corporate client (that might have its own legal department) and wealthy individuals, interviewees realised that for smaller clients not all the attributes might need to be brought to bear. The provider should ideally possess all the attributes or be able to provide them through a suitable combination of staff and have the ability to realise what attributes need to be brought to bear for different clients according to their needs.

Some interviewees thought that the list, although long, was largely common sense. Some of these attributes could be taught in the PCLL but that would reduce the amount of time spent on learning law. Therefore, interviewees generally felt that any teaching of the attributes should be done in the early part of a person's career in the workplace where it could be reinforced by the examples of more senior colleagues. Additional reinforcement could be conducted by the two professional bodies via mandated CPD courses.

Business Management Skills

The majority of interviewees considered that business management skills should be acquired by providers of legal services. In particular, the financial management of a business concern should be among the principal topics. This could reduce the burden for the Law Society in respect of the complaints it receives each year against members, the majority of which involve sole practitioners.

There was less agreement as to how business management skills should be acquired. Some favoured the introduction of this topic to the LLB or PCLL, others felt that the law being such a large subject no room should be made for business management skills to be taught in either programme. These interviewees felt that formal training should take place as part of career development in the workplace taught by the employer and be supported via CPD.

A few felt that the acquisition of these skills should be left to the individual and market dynamics, on the basis that the greater the demand for them by clients, the more likely the individual would be motivated to learn. These interviewees commented that the risk of using any other approach was to waste resources in endeavouring to train someone who did not necessarily wish to learn the topic. We do not support this approach since there is a strong possibility that many providers would not gain a comprehensive knowledge of business management skills. If having these skills is a required part of professional development, young professionals will be sufficiently motivated to acquire them whether or not they have a personal liking for the topics.

Accreditation of Specialisation and Promotion

Almost all interviewees supported the idea of providers of legal services being accredited with their areas of specialisation but were uncertain how this would be implemented in detail by the professional bodies. A small number were against the idea for solicitors while acknowledging that barristers are able to nominate areas of specialisation in the Bar Association List. Almost all interviewees held the view that specialisation ought to occur after completion of the PCLL. Their reasons are:

- There is enough to learn in respect of fundamental principles in the LLB and PCLL
- While most people taking an LLB wish to pursue a legal career, some may not want to do so and will feel it easier to go into another field on graduation if they have not become embroiled in starting to specialise.

Similarly, the majority of interviewees felt that professionals should be allowed to promote their areas of specialisation by advertising provided it was done tastefully and within guidelines laid down by the relevant professional body.

Both accreditation and promotion were supported on the grounds they gave more information to potential consumers and thus encouraged competition.

PRO BONO WORK

Interviewees were all agreed that pro bono work was something that ought to be provided to certain clients. They were also agreed that they did not know how much was being provided but they doubted it was significant - most estimates were at less than 1% of billable hours.

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There was agreement that more pro bono work should be performed but there were few views on how that should be achieved. A small number of interviewees suggested it should be monitored by the two professional bodies but the majority of interviewees were against this idea believing it was up to the individual to determine how much to do relative to other commitments and stage of career. They felt that any formalised system could be open to abuse and, so, defeat its own purpose.

It should be noted that each year the Law Society organises Law Week when those of its members willing to participate provide legal advisory services free of charge to the public. The event, which is well received by the community based on the extensive use is made of this free service, is pro bono work that is organised for those providing the advisory service instead of resulting from personal initiative (how pro bono work is generally perceived to occur).

Reference was made to the scheme recently introduced by the Bar Association asking its members to nominate themselves to provide two days per year of pro bono service. One or two interviewees felt the number (approximately 50) who had signed up was encouraging while a few interviewees cited the sign up rate as evidence of the lack of interest in the provision of pro bono services.

The point was raised by a number of interviewees that community service might be considered a form of pro bono and that many providers of legal services were involved in various community services or activities. They also noted that people involved in this type of work were frequently very reluctant to mention what they were doing in the workplace due to a desire to retain their own privacy and a wish to avoid being considered boastful.

All interviewees were agreed that pro bono had no influence whatever on the decision of students to read law and become providers of legal services.

CONCLUSIONS

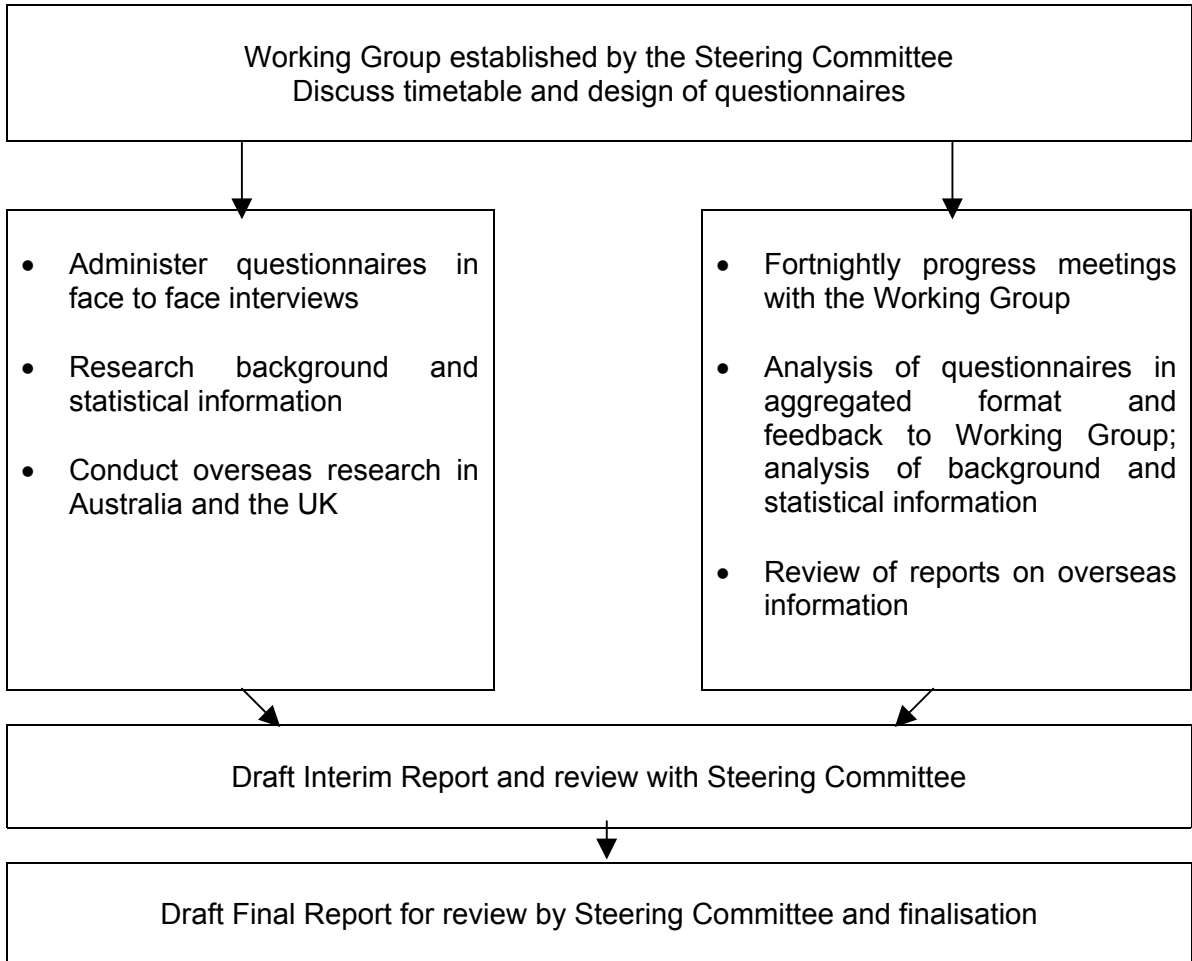
Legal professionals need to be client oriented and proactive in adding value for their clients, being able to demonstrate how they have done so to the benefit of the client. They need to see themselves as the professional business partner of their clients without in any way undermining their integrity or betraying their ethics. If they fail to act in this manner, clients will cease using their services and find providers who have these attributes.

CHAPTER 5 - METHODOLOGY

OVERALL APPROACH

Elements

Our approach was divided into nine elements set out in the diagram below:



Interviews

Interviews were chosen instead of using survey questionnaires sent through the post because:

- Responses to written surveys tend to be a low percentage of those approached (typically less than 15%)
- Written questionnaires containing detailed questions tend to attract brief replies that necessitate follow up by personal or telephone interview to gain fuller information
- Senior members of the profession and the community will not normally give time to completing lengthy written questionnaires but may make time to hold a confidential interview when they can explain their views at greater length
- There is the opportunity in face to face interviews for the interviewer to clarify or expand on both questions and replies as necessary in order to gain a fuller understanding of the interviewee's opinions

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- The achievement rate of obtaining interview with those contacted is higher than the response rate to written questionnaires.

Interviewees were divided into different categories broadly as follows:

- Professionals in Government service
- Professionals who are solicitors in private practice
- Professionals who are barristers in private practice
- Professionals working in the private sector for organisations that are outside the legal profession
- Business people
- People working in statutory authorities
- People working in the social welfare area
- Academics and business people who consider and comment on the economy.

Interviews lasted typically one and a half hours and the basis of the interview, in most cases, was the appropriate one of the three standard questionnaires developed for this project (copies are included in Appendix 3). The content of the questionnaires was agreed with the Steering Committee via the Working Group prior to use. In interviews relating to the economy, free questions were put that mirrored relevant elements of questions in the standard questionnaires.

All interviews were conducted on a confidential basis and interviewees advised that no remarks would be attributed unless they gave specific permission to do so. On completion of an interview, the notes made during the interview were recorded in computer files in standards format. The information obtained was aggregated to determine:

- Opinions that were commonly held
- Opinions that were relevant but made by a small number of interviewees (or, in some cases, only one interviewee)
- Information that would be useful to provide a fuller understanding of the manner in which and the structures in use for the delivery of legal services.

Wherever possible, we have tested the information and opinions against:

- Our research on the legal services sector in Hong Kong (principally statistical data)
- Our own databases of information
- Our opinions on the development of the Hong Kong economy derived from other consulting projects we have undertaken and our own research
- The reviews of the legal sector services in the UK and Australia in those areas where there are similarities.

Report Nature

The report has been compiled with a focus on trends or indications of future events that have a reasonable basis for their acceptance and qualitative aspects. Little or no quantitative judgement has been made since no numeric forecasting method produces long-term (10 year) projections that can be regarded as in any way reliable. The issue here is the lack of a suitable method of predicting accurately the development of either the economy or social attitudes and behaviour during the rapid change that Hong Kong has been undergoing and will continue to experience. Such accurate predictions are a prerequisite for producing numeric projections that have an acceptable degree of reliability.

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Other Points

In the report the following terms have the implications indicated:

TERM – INTERVIEWEES	IMPLICATION
“One”	1 Interviewee
“A few”	Up to 15% of interviewees
“Some”	From 15% to 30% of interviewees
“A considerable number”	From 30% to 50% of interviewees
“The majority”	From 50% to 65% of interviewees
“The clear majority”	From 65% to 85% of interviewees
“Almost all interviewees”	From 85% to 95% of interviewees
“All”	100% of interviewees

59 people were interviewed during 50 interviews.

Some numeric research was undertaken to give an indication of recent patterns and a base against which to compare future trends and indications.

The review of the situations in Australia and the UK were based principally on published information supplemented by interviews with the relevant professional associations and with a small number of professionals who had spent a part of their careers as the senior partner in Hong Kong professional practices.

During the course of the study, meetings were held fortnightly with the Working Group in order to advise progress and preliminary findings. An interim report was produced on 27th February, 2001 solely for the purposes of the Steering Committee and was discussed with the Steering Committee. It has formed the basis for this report.

THE STUDY ON

THE MANPOWER NEEDS OF

THE LEGAL SERVICES SECTOR OF HONG KONG:

FINAL REPORT - EXECUTIVE SUMMARY

The Report identifies key factors and trends that will affect the demand for and supply of personnel in the legal services sector during the decade to 2011. Its key points are summarised by the Chapters that are used in the Report.

CHAPTER 1 – THE FUTURE OF HONG KONG

- Hong Kong is the principal economic city of the Southern China hinterland it serves; its future growth and development are closely interrelated to the economic development of China.
- Hong Kong will be one of a number of gateways into China after China's accession to the World Trade Organisation but its importance in this role will be little diminished over the decade due to the gradual growth of China's domestic market.
- The role of Hong Kong as a financial, logistics, transport and telecommunications hub within Asia will increase in importance and activity during the decade.
- International companies are expected to launch a wave of investment into Asia during the decade in order to increase their presence in and earnings from Asia; their key decision makers in the Asian region are expected to be located in Hong Kong or Singapore.
- The Rule of Law and freedom of speech are two important factors cited as encouraging international companies to establish their regional headquarters in Hong Kong.
- There will be developments in Hong Kong's political systems during the decade that are expected to have positive more than adverse economic impacts.
- Continuing respect for the Rule of Law will depend on perceptions of how it is regarded by the Hong Kong Government, the Law's ability to provide relevant benefits at an acceptable cost for those using its remedies and the continuing recruitment of competent people to the judiciary.
- There is a cultural change underway whereby Hong Kong's citizens are more aware of their rights and may be increasingly inclined to use legal means to protect them or resolve disputes provided they feel they can afford to do so. This change is expected to continue and speed up as Hong Kong becomes more affluent.
- The geographic spread of small locally focused practices is expected to become more pronounced during the decade.
- Developments in statute law are expected to be many and wide ranging; they will increase the demand for legal service providers who can deliver specialised, practical solutions.
- The balance of probabilities is that Hong Kong will continue to develop economically and make progress in its attempts to become the World City of Asia.

CHAPTER 2 – THE STRUCTURE OF LEGAL SERVICES IN HONG KONG

- The providers of legal services divide into five groups: solicitors (inclusive of their support staff), barristers, Hong Kong Government, the Courts (including tribunals) and other providers.
- Solicitors' practices can be divided into tiers ranging from sole practitioners, through small then medium size practices to large local and international practices (including foreign law firms).
- Problems for all solicitors' practices were compounded by the Asian financial crisis, but not all practices have benefitted from the upturn in the economy in 2000.
- Over the decade various developments are expected to occur:
 - Growth in the international and large local firm sectors;
 - The emergence of some medium size firms as large local firms;
 - Mergers among some sole practitioners and small practices;
 - The entrance of several foreign law firms (principally mainland law firms); and
 - The emergence at some point of multi-disciplinary practices
- International firms will develop in terms of business controlled from Hong Kong and regional headquarters here, but may shrink in terms of headcount due to relocation of staff elsewhere in the mainland, the region and the world.
- International and large local firms are expected to raise the overall standards of performance, client service and management and efficiency of service delivery.
- Quality of service will be the key to expansion of any firm – for local firms this will involve standards of spoken and written English and Chinese.
- Medium size firms are expected to continue to exist but not to change significantly in numbers.
- The number of small firms and sole practitioners may reduce in number as generalist practice gives way to more specialised needs and also as opportunities for becoming successful relatively quickly are perceived to decline further, while practices increasingly have to be managed in a business like manner in order to succeed.
- There could be an increase in the number of foreign law firms due to the continuing impact of globalisation on Hong Kong.
- More mainland firms and lawyers will come to Hong Kong, the firms recruiting some Hong Kong lawyers to assist them and their mainland clients to understand Hong Kong law.
- Multi-disciplinary practices are expected to be permitted but to be few in number, having little significant impact on the market for legal services.
- Barristers have significant opportunity provided they are perceived as being reasonably priced, capable of responding quickly to clients' needs and adding value when compared to their UK counterparts.
- Consequently this branch of the profession can be expected to expand further as overall demand increases but there will always be a significant amount of work given to silks outside Hong Kong, principally in the UK, because there is a greater pool to choose from, they are considered to be less expensive and are perceived as usually responding faster than their Hong Kong counterparts.
- Hong Kong Government is a major consumer of legal services and will continue to be by direct recruitment and briefing out – areas of increasing use of legal services are seen as being law drafting (due to increase in volume of legislation), advice to Government bureaux and departments, an increase in criminal prosecutions (particularly of "white collar" offences) and an extension of coverage of the Legal Aid scheme.
- The number of tribunals is expected to increase and also the caseload of the magistracies and the courts will increase, thus making heavier use than now of legal services.
- The use of arbitration and alternative dispute resolutions is expected to increase.

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- Many businesses and other organisations use in-house legal services – these requirements for legal services are also expected to increase using both Hong Kong and foreign lawyers, due to changes in the regulatory environment, the introduction of more stringent requirements relating to corporate governance and the numbers of companies listing on the Hong Kong Stock Exchange.

CHAPTER 3 – FUTURE DEMAND AND SUPPLY

Demand

- Demand for legal services will increase due to the changes and expansion in Hong Kong's economy, additional legislation to improve regulation and cater for new areas of specialisation and community demand in the area of individual and collective rights.
- Among the key changes in demand will be the requirements for quality and provision of measurable value by all clients; among large corporate clients the calling of tenders from a shortlist of large firms of solicitors is expected to increase.
- Demand for conveyancing has decreased in volume and value; it may recover the volume but not the value (due to the abolition of scale fees and especially if a title instead of documentation registration system is introduced; demand for advice regarding mortgages and rental agreements has also declined and is likely to decline further).
- In the property area there will be an increase in demand for legal services in respect of the establishment of owners' corporations and liability for slope maintenance works.
- Significant areas of demand are projected to be:
 - E-commerce
 - IT and communications
 - Financial dealings, products and their supervision
 - Intellectual property
 - Entertainment media
 - International trade
 - China business
 - New legislation
 - Emergence of a dispute oriented culture
 - Criminal activities
- The opening up of the mainland and the opportunity for Hong Kong lawyers to sit for exams that will form part of the process enabling them to be licensed to practise mainland law in the mainland will lead to increasing demand by corporate clients for some Hong Kong lawyers to be located in mainland cities
- Other areas of demand that will be important but of less volume are expected to be:
 - Constitutional law
 - Human rights
 - Competition law
 - WTO dispute resolution
- There is demand not met by providers of legal services but is resolved by resort to traditions of negotiated compromise, Legislative Councillors, statutory authority hotlines, trades unions, social welfare workers, neighbourhood associations and, when relevant, Legal Aid - the most disadvantaged are seen as the middle income (sandwich) class.
- Although changing, the culture of private individuals not using providers of legal services other than for property conveyancing, divorce or the making of wills, still

MANPOWER STUDY, LEGAL SERVICES SECTOR OF HONG KONG – FINAL REPORT

remains strong and will continue to be an influence (albeit diminishing) during the decade.

- The extent to which future demands for legal services in Hong Kong are not met will depend on the cost of those services and how they are perceived by those with the demand as well as by any extension or contraction of Legal Aid that may occur.

Supply

- There is concern regarding an apparent oversupply of law graduates who complete the PCLL but, from an overall perspective, this contention is not supported by the statistics relating either to the numbers completing the PCLL annually or to the number of solicitors.
- Solicitors who focused almost exclusively on conveyancing until scale fees were abolished have generally had difficulty in finding other work that would generate as much revenue; older professionals involved in this experience have apparently had more difficulty in effecting the change to new areas of practice - for such people almost any supply would equate to oversupply.
- While numbers of solicitors, firms and trainee solicitors have increased, the numbers of support staff have declined indicating that work previously done by support staff has been taken on by professionals and trainees.
- The standards of delivery and efficiency of production of services are being enhanced by two factors:
 - The systems used by the international and large local firms
 - The higher remuneration being offered by the international and some of the large local firms to attract quality staff.
- Some larger firms indicated double digit percentage pay rises for their professional staff had been given in 2000 and would be repeated in 2001 with individual rewards varying and overall firm payroll costs rising in single digit percentage terms - these facts show that:
 - there is a shortage of new entrants to the profession who are viewed as talented or, after a few years, experienced
 - support staff have been reduced in numbers or have experienced remuneration reductions (usually in lower bonuses or reduction of overtime)
- The ratio of support staff to professionals is expected to reduce as consequence of increased investment in electronic data interchange and the systems supporting them within professional practices: particular areas where significant decrease may occur are trademark and patent registration.
- Any suggestion that foreign lawyers are contributing to the oversupply appears to be unfounded - foreign lawyers admitted to practise Hong Kong law after passing the relevant exams amount to approximately 5% of professionals with a practising certificate; there are no reasons to expect the situation will change significantly during the decade
- Specialist skills in areas, such as IT and entertainment media, are in short supply in Hong Kong currently, necessitating alliances with overseas providers. In these areas it is expected that some Hong Kong professionals will specialise more and they will be supplemented by foreign lawyer specialists who are either live in or come to Hong Kong (as is the case now with mergers and acquisitions) or who are enabled to continue practising from their home base by modern telecommunications.
- The current shortage of mainland lawyers is expected to reduce as the decade progresses and the immigration procedures on both sides of the border are made easier for them to come to Hong Kong to practise China law.
- There are too few barristers in Hong Kong recognised widely within the profession as being highly competent resulting in those SCs who are so recognised being in great demand and charging fees that are considered to be high; there are sufficient junior

MANPOWER STUDY, LEGAL SERVICES SECTOR OF HONG KONG – FINAL REPORT

barristers to meet the needs of the Legal Aid programme although the advocacy skills of some may be lacking for a variety of reasons.

- There is a core of younger barristers in Hong Kong who are effective in developing their careers and practices and who are regarded as competent.
- There continues to be a steady flow of people taking up pupillage, some straight from obtaining their PCLL, others later in life after leading reasonably successful careers in other fields and there is no reason to believe that these trends will cease
- Provided barristers and lawyers from foreign jurisdictions can come to Hong Kong and be admitted to practise advocacy (from 2002, this will be after passing the relevant exams), there should be sufficient supply of barristers to meet the anticipated increase in demand; the extent of the supply needed will be affected in part by perceptions of cost and quality – this means that the current practice adopted by some firms of solicitors and their clients of referring to barristers in London and elsewhere for opinions can be expected to continue.
- The current supply of law graduates and those passing their PCLL is sufficient to meet short-term needs but may prove insufficient by the middle of the decade (2006); the real issue though is not quantity but quality and if their quality is considered to be lacking by their clients, such clients as can do so, will look elsewhere for the provision of the legal services they require.
- The Rule of Law is dependent on having sufficient competent judges, magistrates and presiding officers of tribunals; there is a sufficient quantity in place now and the means of recruiting from barristers, solicitors and overseas should enable a sufficient supply to be maintained.
- Concerns have been raised that the disparity in earnings between successful professionals in practice and the remuneration of magistrates, tribunal presiding officers and judges will deter competent people from joining the bench; this factor will continue to apply during the decade and could be overcome by recruiting a minority of positions from overseas despite the recruits being unable to speak Cantonese.
- It is considered that there will continue to be an adequate supply of law draftsmen during the decade to meet the expected demand for additional legislation; there will also be an adequate supply of suitably trained people to be law costs draftsmen but it is uncertain if they will be attracted to do this work and this situation may necessitate the Law Society of Hong Kong having to provide specific recognition of suitably qualified people who undertake this work.
- Government prosecutors are drawn from both qualified professionals and those who have passed their PCLL; the present sufficiency of supply should continue even with an increase in the numbers of prosecutions, provided the Government can continue both to attract recruits to be prosecutors and to brief out as it does now.
- The numbers of paralegals is not expected to increase significantly and may decline further, particularly if the Land Titles Bill is enacted and patents, trademarks and service marks can be registered by electronic data interchange - no shortage of supply is anticipated.

CHAPTER 4 – PROFESSIONAL ATTRIBUTES

- Increasingly, providers of legal services will have to develop a wider range of attributes to meet the greater expectations of all categories of client.
- In addition to ethics, integrity and knowledge of the relevant area of law, the provider will be expected to act as a partner and practical adviser who can set before the client a range of practical options with an assessment of the risk and potential benefit to the client of each option.

MANPOWER STUDY, LEGAL SERVICES SECTOR OF HONG KONG – FINAL REPORT

- The provider will also be expected to demonstrate how value is being given to the client.
- The above points indicate that providers of legal services will need to be competent in client relationship management, time and project management, problem analysis and solution development.
- Additional essential attributes will be competent interpersonal and communication skills
- Some providers will continue to need to be strategists and deal makers in order to meet their clients' requirements.
- It is imperative that a number of existing providers of legal services and all new entrants are proficient in the English language (both written and spoken); similar ability in the Chinese language and the Cantonese and Putonghua dialects is rapidly becoming as important in most areas of service provision and is more important for some clients.
- Providers of legal services should also learn basic business skills, regardless of the branch of the profession they decide to enter or the employment they take up.
- The changing requirements of providers will oblige them also to develop their innovative and creative skills or, if they are unable to do so, to be able to have access to these abilities when they need them.
- There is not the time to develop these attributes during a law degree or the PCLL and, therefore, it would be sensible if providers were to be formally trained in these attributes during the early years they provide legal services, with reinforcement being specifically required as part of continuing professional development.
- Specialist skills needed for different areas of specialisation should be pursued by the practitioner by a combination of personal initiative and training on the job, where relevant.
- The majority of interviewees supported the concept of providers of legal services being accredited with their areas of specialisation but were not sure how this idea should be regulated; they also supported the advertising of specialisation by professionals in accordance with guidelines to be laid down by the professional bodies.
- There is a feeling that professionals should provide more pro bono work but there is no suggestion as to how this should be done or that it should be monitored – it was felt better if the amount undertaken was left to individual discretion
- It should be noted that each year the Law Society organises Law Week when those of its members willing to participate, provide legal advisory services free of charge to the public. The event is well received by the community, based on the extensive use that is made of this free service. It delivers pro bono work that is organised for those providing the advisory service instead of resulting from personal initiative. The latter is often how pro bono work is generally perceived to occur.
- A number of providers of legal services take pride in and contribute to the community through work on boards of charities and schools where their legal knowledge is often sought; this activity is a form of pro bono work but not always recognised as such.

Legal Services Sector Manpower Study

Executive Summary: Australia

Current Situation

In recent years there has been a large increase in the number of student enrolments in law and legal studies at Australian universities, mainly as a result of the increase in availability of student-places. More students are studying law as a generalist qualification or in combination with degree courses in economics, accountancy, business administration or another discipline.

About 73% of all legal practitioners in Australia are male, despite the fact that approximately equal numbers of males and females graduate from law school. The major sources of income for solicitors' practices are in the fields of commercial, property and personal injury law, while the main sources of income for barristers' practices are in the fields of personal injury, commercial and criminal law.

Until recently, very little general research has been conducted on the future demand and supply of legal services in Australia. However, the Law Council of Australia has recently undertaken extensive research into the future direction and issues facing the legal profession in Australia. The results of this research will initially be released as a discussion paper in April 2001.

Emerging Issues

The future demand and supply of legal services in Australia (and elsewhere) will be heavily influenced by the ongoing advances in technology, particularly the Internet and the emergence of the global economy. The Internet in particular is causing a revolution within the legal world. Anyone can now gain ready access to legal information and basic legal services free of charge or at very low cost. This is being referred to as "cyberlaw". As a consequence of this technological and information revolution, the legal profession is dealing with a new class of clients - informed clients - with increasing demands and expectations of value-added services, rather than the more traditional "transactional" services (e.g. wills, conveyancing, etc.).

The traditional practice of law as a profession will no doubt continue, but more graduates will be pursuing the practical application of legal principles to a general commercial environment. In recent times, the demand for high quality lawyers in Australia has outstripped supply, and this demand is not confined to law firms. Accounting firms are actively and aggressively recruiting lawyers, particularly in the middle- to low-end of the market. Merchant banks and other financial institutions are also recruiting, often offering salaries that law firms cannot match, and the public sector is appointing more law graduates to research, policy and administrative positions that are not necessarily law-related. There is also growing evidence to suggest that the globalised world means globalised employment opportunities, with lawyers in fields such as tax, intellectual property and e-commerce being highly prized.

Executive Summary: Australia

It is also evident that the future will see an emergence of multidisciplinary services in which members of more than one profession or occupation (e.g. legal and accounting) will provide combined client services. Commentators generally agree that the demand for multidisciplinary services has largely arisen from the increasing complexity of taxation law and the consequent synergy between tax accountants and legal advisers, although there is no reason why such services should be limited to these professions.

There is also likely to be a continued and increasing tension between the business and professional aspects of legal practice, with an increasingly qualified contingent of para-legals in the marketplace competing with the traditional legal practitioners in a wide range of service areas.

While some of the traditional commercial areas of legal service provision are likely to remain in high demand, such as mergers and acquisitions, taxation and capital financing, there is likely to be an increasing demand for advice in emerging areas of concern. These include environmental issues, intellectual property rights, genetics, international trade law, human rights, discrimination, privacy, dispute avoidance and e-commerce.

The educational system will also need to adapt to the changing face of the legal sector by providing a more balanced approach between traditional law subjects and their practical application to the commercial world. A number of the newer university law programmes already incorporate a substantial skills component, and this integration of legal skills into the academic curriculum is indicative of the way in which the future structure of legal education must go if it is to maintain its relevance to modern society. In this regard, while there will continue to be a need for law students to receive a basic grounding in the “core” areas of law, it has been suggested that the core areas may change over time, commensurate with changing areas of practice and demand.

Legal Services Sector Manpower Study

Executive Summary: The UK – England and Wales

STATISTICAL PROFILE

At the start of 2000, there were 8,561 law firms in England and Wales¹ and over 79,000 practising solicitors. Added to some 9,000 practising barristers, this means total of 88,000 lawyers were serving a population of 52 million people, or 1 per 591. This contrasts with only 1 to 1,038 in Germany, but 1 to 318 in the USA.

60,000 solicitors work in solicitors' firms, while the remainder are employed in business or public service. An additional 126,000 people, such as paralegals and legal secretaries are employed in solicitors' firms. Over the last decade the legal profession has experienced strong growth in its headcount – the number of solicitors with practicing certificates has increased by over 50%. Since 1988, the share of solicitors with practicing certificates working as employed solicitors rather than in private practice has risen from 12% to 19%. Over the same period the number employed in commerce and industry has increased by around 75% to 4,700. The percentage of women solicitors has increased from 21% to 35% (in 1998).

Some traditional areas of work, notably residential conveyancing, have lost profitability, however others have risen in importance. The result of these changes has been an increasing disparity between the distribution of firms and the overall pattern of the employment of solicitors. Over the decade leading to 1998, there was a 20% increase in the number of sole practitioners, a 15% fall in the number of firms with 5-10 partners, while the number of firms with over 26 partners more than doubled. Two fifths of all firms are sole practitioners and another two fifths have between 2 and 4 partners. At the top end there are only 124 firms with 26 or more partners, however these employ one third of all solicitors.

General and commercial work and commercial property account for 43% of private practice turnover. The last decade has seen a significant increase in general commercial work and also work related to personal injury and medical negligence – this now accounts for 11% of total gross fees. Growth in these two areas has offset the decline in residential conveyancing and commercial property (in 1967, conveyancing accounted for 50% of solicitors' income).

CHANGES IN THE STRUCTURE OF THE PROFESSION AND WORKING PRACTICES

Increased and better use of Information Technology (IT) should allow leading firms to pass cost savings on to clients in the form of lower fees. It is likely that the fall in fees witnessed by conveyancing and will writing will spread to other services. IT should enable firms to slim down their servicing staff. Currently fee-earners amount to less than half of the staffing in solicitors' firms. This proportion should increase and IT will provide one option for raising the profitability of fee-earners.

The Government believes there are opportunities for reducing the costs of legal services and expanding access to advice via do-it-yourself legal systems and is likely to continue its drive for using IT-based methods for the provision of legal services to replace one-to-

¹ *The Law Society Annual Report, 2000*

Executive Summary: The UK – England and Wales

one consultations with solicitors. Moreover, a growing perception that certain legal work is routine and repetitive, will drive a belief that much work can in future be conducted by laypersons using expert software packages and computers.

Greater use is expected to be made of Alternative Dispute Resolution (ADR), especially in the area of family law. New legal insurance products will also be more widely used and conditional fee agreements (CFAs) are projected to become more common.

The competition from multi disciplinary practices (MDPs) set up by the major accounting firms will increase. As yet, the MDPs are not serious competitors to the major law firms, although they clearly plan to be so.

The blurring of the distinction between solicitors and barristers will continue. Solicitors can now acquire full rights of audience subject to their meeting the training requirements set by the professional bodies. Some observers predict that the Bar, which, numbered 9,369 private practice barristers in 1998, could shrink by as much as half.²

Education and Training

The education and training to become a barrister or lawyer involves 3 stages: academic, vocational and practical. Once qualified, a key component of HR development for solicitors is Continuing Professional Development (CPD). Previously, only less experienced solicitors (those admitted since 1982) were covered by the Law Society compulsory requirement to complete 48 hours of CPD in a three year period. However, in November 1998 this was extended to the whole profession. Nevertheless, a 2000 Law Society report found that law firms are investing too little in key areas of IT, training and marketing. On average, firms spend less than 1% on training, compared with a recommended 2-3%. There is also concern that law firms are increasingly dissatisfied with the academic law degree. In part as a response, moves in law degrees have aimed at encouraging in-depth learning so that students can apply knowledge to new areas of law.³

With the introduction of the Legal Services Commission⁴ and requirements in relation to legal aid, franchising and contracting, training is becoming a priority for all, including non-legal, staff. At the same time, rising salaries for newly qualified solicitors, and competition from accountancy firms and investment banks for law graduates, are forcing law firms to change the way they treat trainees. Training, appraisal and support for trainees are being improved to encourage retention.

Recruitment

Increased competition is a clear trend amongst the top law firms and has intensified as potential recruits have become more astute and will play one firm off against the other. Added to this is the influence of recruitment firms and aggressive head-hunting, the new MDPs and a more commercially driven workforce that is keener to change firms and so more likely to 'job hop'. The US firms have brought large salaries/packages to the recruitment market, although they are often not seen as 'good career moves' compared with established City firms. Typically they have needed to generate UK profits quickly to satisfy managers back in the US. To compete, the English firms are also having to up their packages and their chargeable hourly targets.

² *Law Society Gazette*, 31/8/00, 'Solicitors on Trial'

³ *Law Society Gazette*, 20/7/00, 'Student Angst'

⁴ *The Legal Services Commission is a new executive non-departmental public body created under the Access to Justice Act 1999 (see later).*

Executive Summary: The UK – England and Wales***LEGISLATIVE AND POLITICAL TRENDS***

The current government has continued the trend of reducing expenditure on legal aid work and has capped the net payment to solicitors. This means that legal aid will be a declining sector, having been a rising one since 1949 (and especially since the 1970s). Solicitors will also have to adapt to the exclusion of non-franchised firms from legal aid work and non-specialists from medical negligence.

The introduction of the Human Rights Act will potentially affect every piece of work done by solicitors, however sole practitioners are less well informed or prepared. The growth of public/private sector contracts has been another key development and many solicitors have worked on private finance initiative (PFI) projects. These blur the distinction between the private and public sectors and require complex contractual arrangements. Large firms of solicitors working for major organisations have had the most involvement in PFI work to date.

In March 2001, the Office of Fair Trading (OFT) published its nine month inquiry into the perceived restrictive practices of professionals (solicitors, barristers, accountants and architects), however whether the government decides to amend the 1998 Competition Act to include the legal profession is yet to be decided.

DEVELOPMENTS IN PARTICULAR MARKETS

The global competition for international legal services will intensify. In particular, English law firms are having to deal with the challenge posed by US law firms. At the higher level, US firms are bedding down and making longer term commitments to the City. These developments reflect the globalisation of the legal services sector, with the large firms seeking to develop a global service and locking into the major MNCs. Developing a presence in London, New York and other major global cities enables these firms to get closer to the decision making centres of the key corporate clients. It seems likely that within 5 to 10 years a small group of genuinely global firms will dominate the global market, extracting the core legal element of transactions and relying on local lawyers to articulate that with local jurisdictions.

Commercial lawyers will increasingly need to obtain specialist knowledge of their clients, the markets in which they operate and the 'culture' of the organisation. Unless they can build up long term relationships they will be unable to counter the trend for solicitors to be commissioned on a project-by-project basis, or for developing in-house legal teams.

Law firms which employ patent agents will be well placed to play a more pro-active role in intellectual property (IP) work, especially with client firms that do not possess their own in-house departments. IP is another area, where the influence of globalisation can be clearly seen, especially with increased global legislative coverage.

Work related to e-commerce will continue to be a growth area. Core areas are corporate finance work (raising money for Internet start-ups), commercial and contract work (web site design, advertising contracts) and branding related work (trademark and domain name issues). The Electronic Communications Bill began to address issues such as legalising electronic signatures and removing the insistence on the use of paper for legal documentation.

Insolvency work has increased and despite lower interest rates and a buoyant economy, business failures are expected to remain at high levels because of the problems faced by farmers and manufacturers.

Executive Summary: The UK – England and Wales

Banks and insurance companies will use their resources and promotion skills to capture an increasing share of the wills and probate market. Title insurance could support an accelerated conveyancing process.

Family and child care specialists will have to adopt to both new legislation and competition from non-lawyers providing counselling and alternative dispute resolution (ADR). It seems unlikely that non-specialists will be able to enjoy significant success in this market.

Legal Services Sector Manpower Study

Questionnaires used in the Study

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|----|------------|--------------------|
| 1. | Providers | A3 – 2 to A3 – 9 |
| 2. | Users | A3 – 10 to A3 - 19 |
| 3. | Grassroots | A3 – 20 to A3 - 23 |

Questionnaires used in the Study**LEGAL SECTOR SERVICES MANPOWER STUDY****PROVIDERS' QUESTIONNAIRE**

Interviewee's Name:	Area of Specialisation:	Date
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1.	<p>What areas of legal services or advice do you think are important now in Hong Kong by sector and by type (i.e. advisory, litigation, mediation and conciliation, arbitration)? From an overall perspective of demand how would you rank them between each other and compared with your area? What are the reasons for your views?</p> <p>What types of people are providing these kinds of services and how would you weight them in terms of numbers providing the services?</p>	
2.	<p>Looking ahead 3 years, 5 years and 10 years, will there be any material change in:</p> <ul style="list-style-type: none"> • • The demand for the types of legal services (refer Q. 1)? • The relevant priority of these topics and types of services in your area? • The other legal services that are important for Hong Kong? • The relevant weighting of those other topics and your area in terms of supply and demand? <p>What are your reasons for your views?</p>	
3.	<p>Also looking forward 3, 5 and 10 years what types of people (i.e. solicitors, barristers, specialists, para-legals, trainees, Legal</p>	

Questionnaires used in the Study

	<p>Executives, law costs draftsmen, foreign and Mainland lawyers, legal clerks) should be providing advice on:</p> <ul style="list-style-type: none"> • The topics in your area? • The other topics you have mentioned? <p>Are these people different in either type or relevant weighting compared to your answer to Q 1?</p>	
4.	<p>Can you identify sectors where there will be an increase or decrease in demand for legal services (compared with now) in 3, 5 and 10 years' time – please indicate economic, social and government sectors and legal areas?</p>	
5.	<p>What developments do you foresee having a major impact on the demand for legal services in Hong Kong over the next 3, 5 and 10 years as to:</p> <ul style="list-style-type: none"> • Nature • Quantity • Type of person providing the service? <p>How will these major factors impact upon the number of advisers required?</p>	
6.	<p>What attributes do you think users of legal services are looking for in their providers:</p> <ul style="list-style-type: none"> - generally - in specific areas (please identify the areas)? <p>In your opinion do providers have these attributes sufficiently? If not, what do you think is the cause and are you aware of anything being done to overcome it?</p> <p>Do you think other attributes will be demanded in the future by users of legal services or will there be any</p>	

Questionnaires used in the Study

	change of emphasis in what users think is important in respect of the attributes of providers?	
6.A	<p>Who are the consumers of legal services in Hong Kong and in respect of Hong Kong law? Please indicate the categories of user, e.g.:</p> <ul style="list-style-type: none"> - commercial enterprises doing business only in Hong Kong - commercial enterprises doing business with the Mainland - commercial enterprises doing business outside the Mainland - commercial enterprises based overseas - statutory authorities - educational institutions - recreational groups and bodies - Hong Kong Government - District Councils - Foreign Governments - Immigrants from the Mainland - Hong Kong citizens receiving social welfare payments - Charitable enterprises in Hong Kong - Purchasers of property - Taxpayers - Protesters - Families and divorcees - Handicapped - Sandwich, middle, professional classes - Wealthy individuals for estate and tax planning - Discriminated cases - Consumer protection groups - Environmental protection and interest groups - Employees and self-employed - Dismissed employees - People committing or accused of criminal offences - Juvenile offenders - Constitutional interest groups 	

Questionnaires used in the Study

	<ul style="list-style-type: none"> - Legislators - Civil servants <p>and also assess their respective weighting in terms of a) their numbers and b) their importance to the suppliers of legal services in terms of income and professional interest. Please advise the basis for your views (opinion or partial fact base)</p>	
7.	<p>As Hong Kong moves forward will there be changes over 3, 5 and 10 years in:</p> <ul style="list-style-type: none"> a. the types of user of legal services or their numbers both absolutely and relative to one another b. the types of provider of legal services c. the knowledge of providers of the various types of legal services <p>If so, in what way and for what reasons?</p>	
7A.	<p>In what areas do you think people's needs for legal skills are not being met? Why is this and how do you think this affects potential users? Are you reliably aware of others' needs for legal services being significantly not met? If so, who are these users?</p> <p>Is this situation caused by:</p> <ul style="list-style-type: none"> - commercial value to the suppliers - lack of social status - lack of training - lack of adequate recognition of the need <p>or is it caused by other factors? Are you aware of any steps in hand to address these unmet needs? If there are steps, what are they, who is taking them and when are they expected to</p>	

Questionnaires used in the Study

	have an impact?	
7B.	<p>Looking ahead over 3, 5 and 10 years do you think there will be f:</p> <ol style="list-style-type: none"> an increase or a decrease in the extent to which your needs are not being met now some of your existing needs now being met becoming underserved or not met satisfactorily an emergence of new needs a satisfactory or unsatisfactory supply to meet those newly emerging needs? <p>What is the basis for your views and what impact do you think these developments will have on the supply of legal services, the behaviour of users (e.g. will they use other sources, go outside Hong Kong, become self-taught, protest)?</p>	
8.	<p>Do you think the law is regarded as a preferred career for law graduates and others with some legal training now? If so, why? If not, why not?</p> <p>Do you think the law will be regarded as a suitable career for law graduates and others with some legal training in 3, 5 and 10 years' time? What leads you to these views?</p>	
9.	<p>Do you think:</p> <ul style="list-style-type: none"> providers of legal services in Hong Kong should provide some services free of charge to some clients? the provision of services free of charge will change materially in 3, 5 and 10 years' time? The extent to which providers of legal 	

Questionnaires used in the Study

	<p>services now do provide “pro bono” work?</p> <ul style="list-style-type: none"> • The provision of pro bono work is an attraction or deterrent for the majority of providers of legal services? • Either of the above 2 points will change in 3, 5 or 10 years’ time and, if so, why? 	
10.	<p>Do you think there is a demand or a need in Hong Kong to allow more foreign and Mainland-trained lawyers to come to Hong Kong to:</p> <ul style="list-style-type: none"> • Practise foreign and Mainland law here? • Be admitted to practise as a solicitor to practise local law provided they pass suitable exams or gain admission as a barrister? <p>Why do you hold these views?</p> <p>Do you think the situation will change much in the next 3, 5 and 10 years? What are the reasons for your views?</p>	
11.	<p>Should solicitors, barristers and other providers of legal services be skilled and accredited (in a manner that assists users to know their areas of specialisation) in different areas of the law or should they only study and specialise in one area?</p> <p>Should they be allowed to publicise their areas of specialisation? Why do you hold this view?</p> <p>Do you expect the situation change over the next 3, 5 and 10 years to require the providers of legal services either to be more generalised or specialised? If so, what are your reasons</p>	

Questionnaires used in the Study

	for holding this view?	
12.	<p>Are there any major issues you have not already mentioned affecting the supply of legal services to a standard that is acceptable to users in Hong Kong:</p> <ul style="list-style-type: none"> • Now? • In 3, 5 and 10 years' time? <p>If so, what are the issues, how did they arise, what is being done to overcome them and what else should be done?</p>	
13.	<p>Do you think the Rule of Law is a critical factor in the continued success of Hong Kong?</p> <p>To what extent do you think legal education has an important role in supporting and nourishing an understanding by the community of the Rule of Law in Hong Kong?</p> <p>Do you think it is desirable that some of those receiving a legal education should work other than in the legal profession and legal positions in order to bring a wider understanding of law to Hong Kong?</p> <p>If so, what do you think should be done (if anything) to encourage people with a legal education to take up non-legal positions?</p>	
14.	<p>What are your thoughts on the need for practising solicitors and barristers to have a broader education and knowledge than of the fields of law in which they practise? For example, should solicitors and barristers involved in criminal injury work have a reasonable knowledge of DNA, its structure and testing; should solicitors working in divorce have</p>	

Questionnaires used in the Study

	<p>extensive experience of conciliation and different forms of counselling techniques; should solicitors and barristers working in insolvency have forensic auditing skills?</p> <p>In your opinion should solicitors and barristers be required to undergo training in management disciplines such as strategising, negotiation, project management? If so, should this form part of basic training or continuing professional development?</p>	
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Questionnaires used in the Study**LEGAL SECTOR SERVICES MANPOWER STUDY****USERS' QUESTIONNAIRE**

Interviewee's Name:	Area of Specialisation:	Date
1.	<p>In your area now what knowledge should providers of legal advice have of:</p> <ul style="list-style-type: none"> - your operations and industry in Hong Kong, regionally and globally - of the areas of law applicable to your operations - other matters of importance? <p>Is there any weighting of priority applicable to these topics and, if so, what is it in your opinion and why?</p>	
2.	<p>What types of people could most appropriately provide that kind of legal advice now, e.g. para-legals, qualified lawyers generally, lawyers who have specialised, barristers (junior/senior), people with relevant knowledge who are not lawyers, e.g. accountants, company secretaries? Are they doing so? If not, who is doing so?</p> <p>Are they employed within the industry or are they with professional firms or self – employed or is it a combination of all three? If a combination, are the clear majority employed, retained or self employed? Do you think the ratio of employed to retained and self employed will change significantly? What are the reasons for your views?</p> <p>Are there sufficient numbers available now in Hong Kong to do work at competitive, cost-effective rates of the</p>	

Questionnaires used in the Study

	<p>types of person you have stated for:</p> <ul style="list-style-type: none"> - your business or operation - your industry? <p>Do you see the situation tightening or easing and is your view based on:</p> <ul style="list-style-type: none"> - reduction of demand in your operation or industry - reduction of supply - increased demand in your operation or industry - no change or an increase in supply? <p>What are the bases for your views?</p>	
<p>3.</p>	<p>What other areas of legal services or advice do you think are important now in Hong Kong by sector and by type (i.e. advisory, litigation, mediation and conciliation, arbitration)? From an overall perspective of demand how would you rank them between each other and compared with your area? What are the reasons for your views?</p> <p>What types of people are providing these kinds of services and how would you weight them in terms of numbers providing the services?</p>	
<p>4.</p>	<p>Looking ahead 3 years, 5 years and 10 years, will there be any material change in:</p> <ul style="list-style-type: none"> • The legal topics covered in your area (refer Q.1)? • The demand for the types of legal services (refer Q. 3)? • The relevant priority of these topics and types of services in your area? • The other legal services that are important for 	

Questionnaires used in the Study

	<p>Hong Kong?</p> <ul style="list-style-type: none"> The relevant weighting of those other topics and your area in terms of supply and demand? <p>What are your reasons for your views?</p>	
5.	<p>Also looking forward 3, 5 and 10 years what types of people (i.e. solicitors, barristers, specialists, para-legals, trainees, Legal Executives, law costs draftsmen, foreign and Mainland lawyers, legal clerks) should be providing advice on:</p> <ul style="list-style-type: none"> The topics in your area? The other topics you have mentioned? <p>Are these people different in either type or relevant weighting compared to your answers to Q 2 and Q. 3?</p>	
6.	<p>Can you identify sectors where there will be an increase or decrease in demand for legal services (compared with now) in 3, 5 and 10 years' time – please indicate economic, social and government sectors and legal areas?</p>	
7.	<p>What developments do you foresee having a major impact on the demand for legal services in Hong Kong over the next 3, 5 and 10 years as to:</p> <ul style="list-style-type: none"> Nature Quantity Type of person providing the service? <p>How will these major factors impact upon the number of advisers required?</p>	
8.	<p>What are the attributes that you/your operation, as a user of legal services now look for in the providers of those services?</p>	

Questionnaires used in the Study

	<p>Do you find those attributes sufficiently to satisfy your requirements or are your requirements inadequately met in some areas, if so, which areas?</p> <p>Is there any obvious ranking among these attributes?</p> <p>Is there any difference in expectations between different types of service? If so, please give your opinion on what these differences are and how they arise.</p> <p>In the future, do you think you or your operation will need either additional attributes or a higher standard in the attributes you are looking for or both? Why do you think this will be?</p>	
8A.	<p>Who are the consumers of legal services in Hong Kong and in respect of Hong Kong law? Please indicate the categories of user, e.g.:</p> <ul style="list-style-type: none"> - commercial enterprises doing business only in Hong Kong - commercial enterprises doing business with the Mainland - commercial enterprises doing business outside the Mainland - commercial enterprises based overseas - statutory authorities - educational institutions - recreational groups and bodies - Hong Kong Government - District Councils - Foreign Governments - Immigrants from the Mainland - Hong Kong citizens receiving social welfare payments - Charitable enterprises in Hong Kong - Purchasers of property - Taxpayers 	

Questionnaires used in the Study

	<ul style="list-style-type: none"> - Protesters - Families and divorcees - Handicapped - Sandwich, middle, professional classes - Wealthy individuals for estate and tax planning - Discrimination cases - Consumer protection groups - Environmental protection and interest groups - Employees and self-employed - Dismissed employees - People committing or accused of criminal offences - Juvenile offenders - Constitutional interest groups - Legislators - Civil servants <p>and also assess their respective weighting in terms of a) their numbers and b) their importance to the suppliers of legal services in terms of income and professional interest. Please advise the basis for your views (opinion or partial fact base)</p>	
<p>8B.</p>	<p>As a current user of legal services what are your expectations in terms of :</p> <ul style="list-style-type: none"> a. types of supplier (i.e. in-house legal team, paralegals, professional solicitors, barristers, solicitors and barristers outside professional practice, other professionals) b. knowledge (of relevant statute and common law, interpretation, issue management, knowledge outside the law that is relevant) in the area(s) of law of the various suppliers? <p>Are your expectations being met? If not, in what ways are you being disappointed?</p>	

Questionnaires used in the Study

	<p>Do you think other users have similar or significantly divergent views? On what are you basing your observations?</p>	
9.	<p>As Hong Kong moves forward will there be changes over 3, 5 and 10 years in:</p> <p>d. the types of user of legal services or their numbers both absolutely and relative to one another</p> <p>e. the expectations of the users of legal services in respect of the attributes of the providers</p> <p>If so, in what way and for what reasons?</p>	
9A.	<p>In what areas are your needs for legal skills not being met? Why is this and how does this affect you/your operation? Are you reliably aware of others' needs for legal services being significantly not met? If so, who are these users?</p> <p>Is this situation caused by:</p> <ul style="list-style-type: none"> - commercial value to the suppliers - lack of social status - lack of training - lack of adequate recognition of the need <p>or is it caused by other factors? Are you aware of any steps in hand to address these unmet needs? If there are steps, what are they, who is taking them and when are they expected to have an impact?</p>	
9B.	<p>Looking ahead over 3, 5 and 10 years do you think there will be for you and any other groups you mentioned in the last question:</p> <p>e. an increase or a</p>	

Questionnaires used in the Study

	<p>decrease in the extent to which your needs are not being met now</p> <p>f. some of your existing needs now being met becoming underserved or not met satisfactorily</p> <p>g. an emergence of new needs</p> <p>h. a satisfactory or unsatisfactory supply to meet those newly emerging needs?</p> <p>What is the basis for your views and what impact do you think these developments will have on the supply of legal services, the behaviour of users (e.g. will they use other sources, go outside Hong Kong, become self-taught, protest)?</p>	
10.	<p>Do you think the law is regarded as a preferred career for law graduates and others with some legal training now? If so, why? If not, why not?</p> <p>Do you think the law will be regarded as a suitable career for law graduates and others with some legal training in 3, 5 and 10 years' time? What leads you to these views?</p>	
11.	<p>Do you think:</p> <ul style="list-style-type: none"> • providers of legal services in Hong Kong should provide some services free of charge to some clients? • the provision of services free of charge will change materially in 3, 5 and 10 years' time? • Providers of legal services now do provide "pro bono" work to some degree? • The provision of pro bono work is an attraction or deterrent for the majority of providers of legal services? 	

Questionnaires used in the Study

	<ul style="list-style-type: none"> • Either of the above 2 points will change in 3, 5 or 10 years' time and, if so, why? 	
12.	<p>Do you think there is a demand or a need in Hong Kong to allow more foreign and Mainland-trained lawyers to come to Hong Kong to:</p> <ul style="list-style-type: none"> • Practise foreign and Mainland law here? • Be admitted to practise as a solicitor to practise local law provided they pass suitable exams or gain admission as a barrister? <p>Why do you hold these views?</p> <p>Do you think the situation will change much in the next 3, 5 and 10 years? What are the reasons for your views?</p>	
13.	<p>Should solicitors, barristers and other providers of legal services be skilled and accredited (in a manner that assists users to know their areas of specialisation) in different areas of the law or should they only study and specialise in one area?</p> <p>Should they be allowed to publicise their areas of specialisation?</p> <p>Why do you hold this view?</p> <p>Do you expect the situation change over the next 3, 5 and 10 years to require the providers of legal services either to be more generalised or specialised? If so, what are your reasons for holding this view?</p>	
14.	<p>Are there any major issues you have not already mentioned affecting the supply of legal services to a</p>	

Questionnaires used in the Study

	<p>standard that is acceptable to users in Hong Kong:</p> <ul style="list-style-type: none"> • Now? • In 3, 5 and 10 years' time? <p>If so, what are the issues, how did they arise, what is being done to overcome them and what else should be done?</p>	
15.	<p>Do you think the Rule of Law is a critical factor in the continued success of Hong Kong? To what extent do you think legal education has an important role in supporting and nourishing an understanding by the community of the Rule of Law in Hong Kong?</p> <p>Do you think it is desirable that some of those receiving a legal education should work other than in the legal profession and legal positions in order to bring a wider understanding of law to Hong Kong?</p> <p>If so, what do you think should be done (if anything) to encourage people with a legal education to take up non-legal positions?</p>	
16.	<p>What are your thoughts on the need for practising solicitors and barristers to have a broader education and knowledge than of the fields of law in which they practise? For example, should solicitors and barristers involved in criminal injury work have a reasonable knowledge of DNA, its structure and testing; should solicitors working in divorce have extensive experience of conciliation and different forms of counselling techniques; should solicitors and barristers working in insolvency have forensic</p>	

Questionnaires used in the Study

	auditing skills? In your opinion should solicitors and barristers be required to undergo training in management disciplines such as strategising, negotiation, project management, finance and accounting? If so, should this form part of basic training or continuing professional development?	
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Questionnaires used in the Study**LEGAL SECTOR SERVICES MANPOWER STUDY****QUESTIONNAIRE (GRASS ROOTS)**

Interviewee's Name:	Area of Specialisation:	Date
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1.	<p>If you need legal advice, how do you usually obtain it?</p> <p>How was the advice given to you:</p> <ul style="list-style-type: none"> - by an individual who was not legally trained - by an individual who was legally trained and was a professional solicitor or barrister - by a professional law firm - by another professional firm - by Legal Aid Department or the Duty Lawyer Scheme? 	
2.	<p>What do you think is the work or role of:</p> <ul style="list-style-type: none"> - A lawyer or solicitor - A barrister? <p>Have you used a solicitor or barrister? If so, for what problems or concerns and how often have you done so?</p>	
3.	<p>What public services do you use or provide?</p> <p>What are the important legal problems you/ your clients or the users of your services have?</p>	
4.	<p>Do you expect that the important legal problems in the future 3 to 10 years will be the same as those you have mentioned or, if not, what do you think they will be? If you think they will be different what will happen to change the problems you</p>	

Questionnaires used in the Study

	have?	
5.	<p>If you need help to solve your legal problems or to understand your entitlements or to have the law explained to you/your clients or the users of your services, what do you do now to get that help? Why do you get help in this way?</p>	
6.	<p>Are there any other types of help with legal problems you know or think you could use and, if so, what are they? Are there any particular reasons why you do not or seldom use these other types of help with your legal problems?</p> <p>Have you heard of Legal Aid and do you know what kind of service it is?</p>	
7.	<p>Is the help with your legal problems that you get now:</p> <ul style="list-style-type: none"> - sufficient - what you want - effective? <p>If you are not fully satisfied with the help you get with your legal problems what makes you feel that way?</p>	
8.	<p>Are there any practical ways you think the quality of the help you get now with your legal problems could be improved?</p>	
9.	<p>When you obtain help with your legal problems from someone or firm how do you think your legal problem should be handled:</p> <ul style="list-style-type: none"> - by one person - by someone who has practical experience of your legal problem - by someone who knows the law relating to your legal problem - by a legal professional or by someone who 	

Questionnaires used in the Study

	<p>knows something of the relevant law</p> <ul style="list-style-type: none"> - by someone who can explain the situation to you in simple terms - by someone who has no knowledge of you or your family - by someone who has knowledge of you and your family - by someone who can advise you both re your entitlements and re what you could do - someone who leaves you to decide what to do? 	
10.	<p>As you know, the law can be very complicated. Is it more important to you that the person you deal with should know something about several different parts of the law to be able to give you almost any advice you need or should he/she be an expert in a particular area of the law? Why do you think so?</p>	
11.	<p>Apart from yourself, do you know if or do you think there are other people or groups who need advice regarding the law and their entitlements but have difficulty obtaining that advice? Who are these people or groups and how do you know about them?</p>	
12.	<p>In respect of advice regarding the law or entitlements are there any areas where you or others (individuals or groups) cannot get advice? If so, what are these areas and why do you think the advice cannot be obtained?</p>	
13	<p>Is there anything you think can be done to make it simpler for ordinary people in Hong Kong to obtain advice easily regarding the law, their legal rights and</p>	

Questionnaires used in the Study

	entitlements? If so, what do you think should be done and by whom?	
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Legal Services Sector Manpower Study

List of Interviewees

1. Mr Edward Cheung, Woo, Kwan, Lee and Lo
2. Ms Sally Wong, Hong Kong Investment Fund Association
3. Professor Michael Enright, University of Hong Kong
4. Mr John Budge, Wilkinson & Grist
5. Mr R Allcock, Solicitor-General
6. Mr Tim Stevens/Ms Kate Stonestreet, Baker & McKenzie
7. Ms Michelle Li, Education & Manpower Bureau
8. Ms Gladys Li, SC
9. Mr Christopher To, Hong Kong International Arbitration
10. Mr Peter Sit, Sit, Fung, Kwong & Shum
11. Mr Alan Leong, Bar Association of Hong Kong
12. Mrs Pamela Chan, Consumer Council
13. Mr Gordon Jones, Companies Registry
14. Mr Patrick Li, Chief Magistrate
15. Professor Richard Wong, University of Hong Kong
16. Mr K M Lau & Mr Eric Pun, Privacy Commission
17. Mr William Turnbull / Mr Cliff Sun / Roger Tam, Federation of Hong Kong Industries
18. Judge Louis Tong, Court of First Instance
19. Mr Sandy Yung, Sun Hung Kai Properties
20. Judge Patrick Chan, Permanent Judge of Court of Final Appeal
21. Mr A Cooper, Land Registry
22. Mr Michael Barnett, The Composers & Authors Society of Hong Kong
23. Mr Greg Willis, Mandatory Provident Fund Schemes Association
24. Mr Desmond Chan, Cable TV
25. Judge M Stuart-Moore, Court of Appeal
26. Mr Bernard Chan, Hong Kong Council of Social Services
27. Mr John Griffiths, SC and Ms Susan Liang of Susan Liang & Co
28. Mr Paul Quinn, Australian Chamber of Commerce
29. Mr Keith Cole, Deacons
30. Mr Karl Lam, The Hong Kong Jockey Club
31. Ms Edith Shih, Hutchison & Whampoa Group
32. Mr Richard Wane, Fidelity Investments
33. Mr PK Kwok, Hong Kong Institute of Engineers
34. Mr Peter Cheung, Department of Justice
35. Ms Irene Castilho & Mr Lok Wing Kwan, Labour Department
36. Mr Simon Ip, Johnson Stokes & Masters
37. Ms Anna Wu, & Ms Alexandra Papadotoulou, Equal Opportunities Commission
38. Mr Christopher Chan, Registrar, High Court
39. Ms Venus Choy, Hospital Authority
40. Mr Peter Cheung, Intellectual Property Department
41. Mr Stefan Gannon, Hong Kong Monetary Authority
42. Ms Cynthia Tellez & Fr Dwight, Mission for Filipino Migrant Workers
43. Mrs Alexa Lam, Securities & Futures Commission
44. Mr Alvin Wong, Hong Kong Society of Accountants
45. Mr John Liu, Robin Bridge & John Liu
46. Mr David Wan & Ms Pauline Li, Hong Kong Association of Banks
47. Mrs C S Chong, The Spastic Association of Hong Kong
48. Ms Eva Cheng, Information Technology & Broadcasting Bureau
49. Dr Jane Lee, Hong Kong Policy Research Institute
50. Mrs Chow, Genuine (Legal) Personnel Consultant