



House of Commons
Justice Committee

**Crown Dependencies:
evidence taken:
Government Response
to the Committee's
First Report of Session
2008–09**

**Second Special Report of Session
2008–09**

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The Justice Committee

The Justice Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Ministry of Justice and its associated public bodies (including the work of staff provided for the administrative work of courts and tribunals, but excluding consideration of individual cases and appointments, and excluding the work of the Scotland and Wales Offices and of the Advocate General for Scotland); and administration and expenditure of the Attorney General's Office, the Treasury Solicitor's Department, the Crown Prosecution Service and the Serious Fraud Office (but excluding individual cases and appointments and advice given within government by Law Officers).

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Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House.

All publications of the Committee (including press notices) are on the internet at www.parliament.uk/justicecom

Committee staff

The current staff of the Committee are Fergus Reid (Clerk), Dr Rebecca Davies (Second Clerk), Ruth Friskney (Adviser (Sentencing Guidelines)), Hannah Stewart (Committee Legal Specialist), Ian Thomson (Group Manager/Senior Committee Assistant), Sonia Draper (Committee Assistant), Henry Ayi-Hyde (Committee Support Assistant), Gemma Buckland (Public Policy Specialist, Scrutiny Unit) and Jessica Bridges-Palmer (Committee Media Officer).

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Second Special Report

The Justice Committee published its First Report of Session 2008–09 on Crown Dependencies: evidence taken on Friday 19 December 2008, as HC 67. The Government response was received on 26 February 2009 in the form of a letter from Lord Bach, Parliamentary Under-Secretary of State, Ministry of Justice, to the Chairman of the Committee which is appended below.

Appendix: Government response

In the First Report of Session 2008–09, the Justice Committee raises concerns about a perceived lack of clarity over the respective roles of the Ministry of Justice and HM Treasury (HMT) in representing the interests of the Crown Dependencies in discussions with the Icelandic authorities. I hope that the information I have set out below goes some way towards clarifying the position as well as providing an update on developments since I gave oral evidence to the Committee on 10 December.

The UK Government is constitutionally responsible for the international representation of the Crown Dependencies. The Ministry of Justice is the UK Department with policy responsibility for managing the UK's relationship with the Crown Dependencies. What this means in practice, and what has happened over the issue of representation of the Crown Dependencies in discussions with the Icelandic authorities, is that the Ministry of Justice secures commitment from the UK policy holding department to handle negotiations in international fora when the need arises.

In relation to the current problems with Icelandic banks, the UK position is that HMT will represent the Crown Dependencies in discussions with the Icelandic Government. HMT does not represent the Crown Dependencies in discussions with the Resolution Committees that have been appointed to oversee the management of the failed banks in Iceland. The parental guarantees are a creditor issue and the guarantees were provided by Kaupthing and Landsbanki banks (not the Icelandic authorities). They are a matter for the Resolution Committees, and consequently it is a matter for the provisional liquidator of Kaupthing Singer and Friedlander Isle of Man or Landsbanki Guernsey and/or the Isle of Man or Guernsey authorities as to how they choose to pursue this with the Resolution Committees. We understand that an Isle of Man delegation met the Kaupthing Resolution Committee in early January.

HMT intends to write to the Permanent Secretary of the Icelandic Ministry of Finance drawing his attention to the attempts made by the Isle of Man and Guernsey to clarify with the relevant Resolution Committees the position over the discharge of their obligations in relation to the parental guarantees given by Kaupthing and Landsbanki; and for clarification of the process for winding up Landsbanki and Kaupthing to confirm that a transparent process is in place that will provide for the fair treatment of creditors.

Lord Bach
26 February 2009