



Northern Ireland Audit Office

Memorandum to the Committee of Public Accounts from the Comptroller and Auditor General for Northern Ireland: Combating organised crime



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This Memorandum and detailed Note which accompanies it have been prepared under Article 8 of the Audit (Northern Ireland) Order 1987 for presentation to the Northern Ireland Assembly in accordance with Article 11 of that Order.

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Comptroller and Auditor General

Northern Ireland Audit Office
19th January 2010

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Introduction

1. The Northern Ireland Affairs Committee (NIAC) of the House of Commons published a report in 2006¹ into organised crime in Northern Ireland, recommending actions which needed to be taken to combat its spread. This Memorandum assesses progress in implementing NIAC's key recommendations affecting Executive departments and other public bodies in Northern Ireland, and recommends other steps to tackle organized crime.
2. The Memorandum is supported by a Note which reviews developments in detail since the NIAC report. The Memorandum focuses on matters which are already, or will become, the direct responsibility of the Assembly and Executive after policing and criminal justice powers have been devolved. The National Audit Office is submitting a separate, parallel Memorandum to NIAC at Westminster, focusing on matters which will continue to be the direct responsibility of the UK Government.

What is organised crime and how important is it?

3. For the purposes of this Memorandum, we are defining organised crime as *'three or more persons engaged in continuing serious illegal activities for the generation of substantial profit or gain, whilst employing protective measures.'* The key features of this definition emphasize that organised crime is a resilient and enduring activity aimed at major criminal profit and designed to avoid detection. It distinguishes organised crime from crime that is individual or opportunistic or directed at minor gain.
4. Overall, there has been material progress in implementing NIAC's recommendations. Also, since the NIAC report, the Independent Monitoring Commission has reported a reduction in some paramilitary organisations' involvement in organised crime. However, neither of these developments means that the UK departments, the Executive or the law enforcement agencies can relax their guard; organised crime is, and is likely to remain, a major national and international phenomenon from which Northern Ireland has no immunity, and local gangs, whether of paramilitary background or not, remain very active, not least in exploiting opportunities presented by the border. Tackling such a major and dangerous threat requires the combined efforts of all Government bodies and law enforcement agencies, working together, to protect the public purse, taxpayers' interests and the health of society.
5. It is particularly important that the UK and Northern Ireland departments take full advantage of the enforcement powers available to them. As a relatively new authority the Executive, in reviewing its legislative and policy plans, will have a great opportunity to determine priorities and ensure that its important contribution to combating organised crime is maximised (Note, paragraphs 3.4 and 4.4). This has an important contribution to make in achieving the Executive's overarching aim of achieving - *'a peaceful, fair and prosperous society in Northern*

1 Organised Crime in Northern Ireland, Third Report, HC 886-1 Session 2005-06.

Ireland, with respect for the rule of law and where everyone can enjoy a better quality of life now and in years to come'. It is also relevant to many of the Executive's other key priorities:

- achievement of a dynamic, innovative economy will be undermined by continuing erosion of businesses;
- individual health and wellbeing will be threatened by dangerous counterfeit goods;
- our environment will be harmed by fuel laundering and illegal dumping;
- programmes to improve our infrastructure will be handicapped by extortion in construction; and
- development of high-quality public services will be put at risk by erosion of the revenue base.

The scale and nature of organised crime in Northern Ireland

6. Fundamentally, organised crime is all but impossible to quantify with complete accuracy because of its very nature: covert, often sophisticated and professional. If it could be reliably quantified, it could more easily be successfully countered because our knowledge of it would be so much greater.
 7. The threat to the UK from serious organised crime is set out in the United Kingdom Threat Assessment published annually by the Serious Organised Crime Agency (SOCA), on behalf of the UK law enforcement community. The UK's response to serious organised crime is the Serious Organised Crime Control Strategy, which co-ordinates all operational work flowing from the Threat Assessment through 16 national programmes of activity. SOCA provides the co-ordination mechanism for these, although it relies for success on multi-agency effort and collaboration. Currently, these programmes of activity are arranged into five clusters:
 - criminals and their business;
 - cross-cutting issues;
 - drugs;
 - organised immigration crime; and
 - fraud.
-

8. SOCA's partners in Northern Ireland have a standing invitation to contribute to any of these programmes of activity which they feel appropriate. Whilst the work of these programmes is not regionally focussed, it is designed to be sufficiently flexible to take account of regional variations and local priorities.
9. In terms of scale, there is no overall quantification of the 'value' of organised crime in Northern Ireland. Recent reports have variously estimated the value in the UK as a whole at between £20 billion and £25 billion (Home Office 2007 and SOCA 2008), but no separate figures exist for Northern Ireland alone. The Attorney General's Fraud Review in 2006 emphasised the importance of measuring fraud generally, and its recommendations led to the establishment of the National Fraud Reporting Centre whose work may prove helpful to the Organised Crime Task Force in measuring organised crime here. (Note, paragraphs 1.10 - 1.11)
10. Table 1 shows the different types of organised crime currently being committed in Northern Ireland, the approximate size of each and whether they are thought to be increasing or decreasing (Note, paragraph 1.6, for more detail.)

Table 1: Main types of organised crime in Northern Ireland: estimated costs and whether rising or falling

| Type | Activity | Estimated Cost/ Loss | Bodies with policy or other interests ¹ | Rising/ Falling |
|--|--|-------------------------|---|--------------------|
| Oils | Non payment of UK Duty including Fuel Laundering and Cross-Border smuggling due to differential duty | £250m | HMRC; DETI; District Councils | ↓ |
| Cigarettes | Smuggling, the majority counterfeits, estimated at 15% of sales in Northern Ireland | £7m | HMRC; DETI; DHSSPS | ↔ |
| Alcohol ² | Smuggling | Seizure figures only | HMRC; PSNI; DSD | ↓ |
| Counterfeiting and Intellectual Property Crime | Faking of goods | £200m | PSNI; DETI; UKBA; DHSSPS | ↔ |

| | | | | |
|--|--|---|---|---|
| Armed Robbery and "Cash in Transit" ³ | Theft | Number of crimes only known | PSNI | ↔ |
| Drugs | Supply of illegal drugs | No reliable measure; £25m a possibility | PSNI; NIO; DHSSPS; HMRC; SOCA | ↑ |
| Human Trafficking | For the purposes of exploitation, forced labour or services (sex industry), slavery, servitude or the removal of organs. Also people smuggling – immigration crime | No reliable measure | DEL; DARD; GLA; UKBA; PSNI; SOCA; NIO; OFMDFM | ↑ |
| VAT and IT fraud | 'Carousel' fraud; abuse of tax credits | No estimate | HMRC; SOCA | ↔ |
| ID theft | Used in illegal activity | No estimate | All departments | ↑ |
| Money Laundering | Hiding the proceeds of crime | No estimate | DETI; SOCA; DFP; PSNI | ↔ |
| Extortion | Extracting money by threats | £10m | PSNI; DFP | ↔ |
| Illegal dumping ⁴ | Dumping of waste from (1) the Republic of Ireland due to differential rates of tax; and (2) construction sites in Northern Ireland | No overall estimate | NIEA PSNI; HMRC; NIO; District Councils | ↕ |
| Tax evasion in construction sector | Extortion; tax scams | No overall estimate | HMRC; DETI; DFP; PSNI; NIHE; | ↔ |
| Social Security | Fraud | £18m/year | DSD (SSA) | ↓ |

Source: NIAO

Notes:

1 see list of abbreviations

2 the latest strategic intelligence indicates that, at a UK level, alcohol fraud is on the increase. However, this has not yet presented itself in Northern Ireland.

3. while conventional armed robbery and "cash in transit" is in decline the threat from "Tiger" kidnappings remains a concern for the business community.

4. illegal dumping of waste from the Republic of Ireland is decreasing. In contrast, the illegal dumping of waste from construction sites in Northern Ireland is increasing.

11. Like any other area of economic activity, organised crime changes and develops and new areas come to light. There is little in the way of solid evidence for these but Table 2 shows anticipated areas of increasing organised crime activity. No costs are available. (Note, paragraph 1.17)

Table 2: Anticipated new areas of organised crime activity

| Type of crime | Activity |
|------------------------|--|
| Foreign National Crime | Crimes brought into the UK or managed from 'home', for example human trafficking |
| Technology enabled | Use of IT; Identity theft |

Measuring the problem

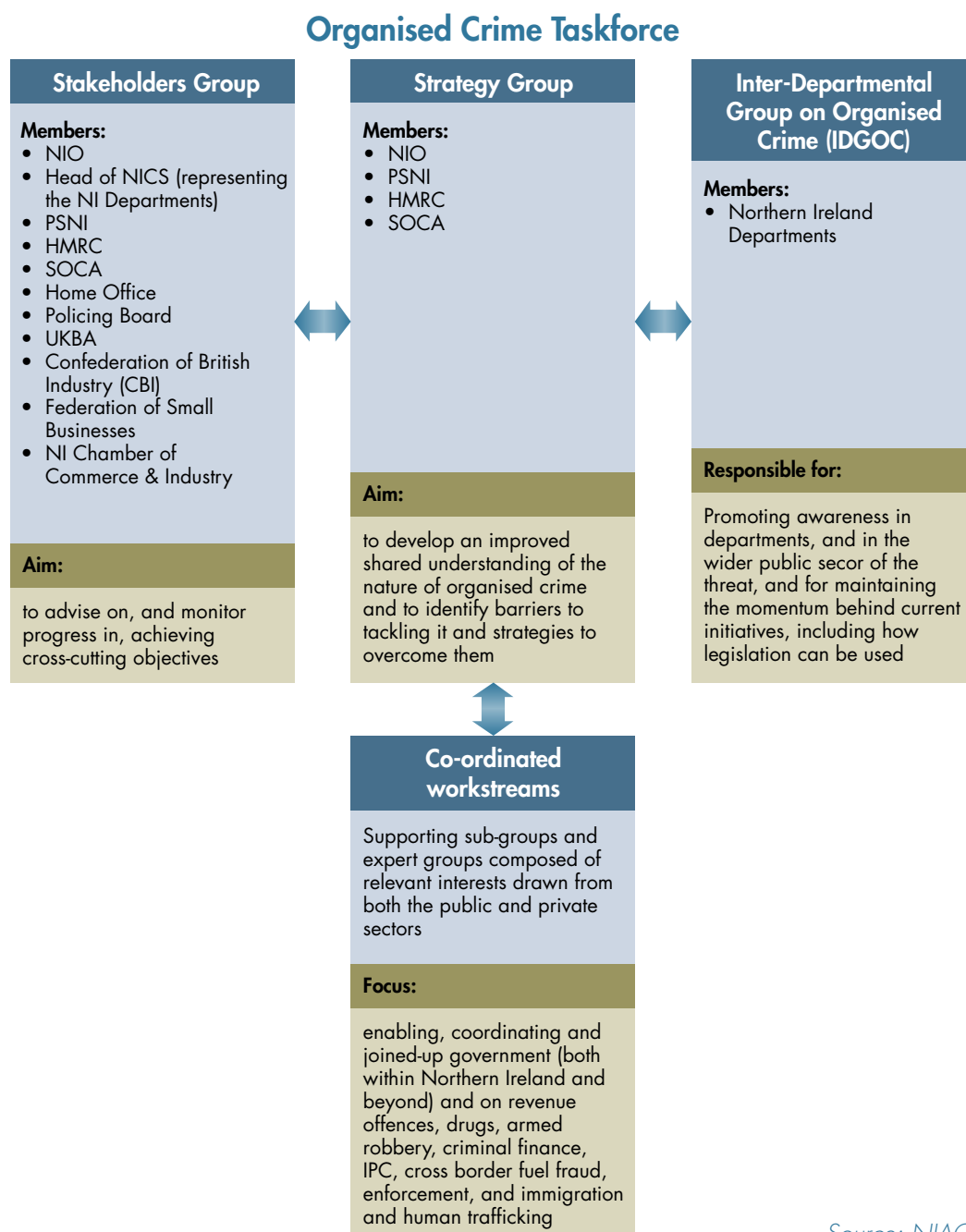
12. Convincing the public (whose support is important as they are, usually unwittingly, both collaborators and victims) of the scale of the problem might be made easier if a reliable headline figure (or set of figures) was available. Likewise, convincing departments and the wider public sector of the need for more commitment and concentrated action would be facilitated if a figure for losses – and the cost of countering organised crime – was to hand. (Note, paragraph 1.15)
13. The Home Office, the Northern Ireland Office (NIO) and the Police Service of Northern Ireland (PSNI) have examined various ways of getting a better grip on quantification, but have encountered a range of methodological difficulties. Despite that, we believe that efforts to achieve better quantification should continue, even if the benefits would not be realized right away. Accordingly, we recommend the development of greater capability for evaluating the impact of organised crime in the public sector, including the cost of countering it. This could, for example, seek to bring together a number of difficult but important issues:
- study of harm caused by organised crime, building on the work already done by the Home Office, SOCA's Harm framework and the NIO;
 - information already available on perceptions of the impact of organised crime;
 - quantification, analysis of current information, identifying gaps and exploring ways progressively to fill those; and
 - the development of performance measures to assess the impact of actions taken to combat organised crime (Note, paragraph 1.14)

Other impacts on society and economic growth

14. Organised crime has a depressing effect on confidence, investment and jobs (perhaps most particularly in disadvantaged parts of Belfast) – a point underlined to us by the business community. For instance, the construction industry has long been the target of abuse by organised crime, primarily in the form of tax scams and extortion (often by paramilitaries or those claiming to be so). But, as NIAC reported in 2006, it has a particularly corrosive effect on communities when paramilitary gangs use crime to continue to exert influence over them. In addition, intellectual property crime and counterfeiting can be highly dangerous to the health and wellbeing of individuals (Note, paragraphs 1.6.16 and 2.1)
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Actions taken so far and areas for further consideration

15. The Organised Crime Task Force (OCTF) was established by the Northern Ireland Secretary of State in 2000 and restructured in 2005. At the time of our review, the composition was as follows: (a list of abbreviations used is at page 36).



Source: NIAO

16. Overall, we found that the OCTF machinery was working well, and understand that the NIO keeps its structures, composition and working methods under regular review. We are also aware that arrangements for the Northern Ireland departments are in transition. However, it is important, as the Note accompanying this Memorandum demonstrates, that the Northern Ireland departments co-ordinate their approach to countering organised crime: as organised crime evolves, so must the mechanisms set up to counter it (Note, paragraphs 3.1 - 3.4).

Areas for further consideration

Increasing and improving partnership working

17. One of the keys to countering organised crime effectively is that all bodies need to work in partnership, sharing information and coordinating activity. This is essential, irrespective of whether they are in the reserved or devolved fields. So it will be important to ensure that the OCTF structure, including UK-wide bodies like HMRC and SOCA, remains effective when policing and criminal justice powers have been devolved, including the continuation of necessary information flows. (Note, paragraph 3.2)
18. We encountered examples of close co-operation between Northern Ireland departments and PSNI but in general we were struck that, perhaps for historical reasons, working links were too often of an episodic nature. In our view, this inhibits the growth of greater partnership which we believe to be essential if organised crime is to be successfully countered. This is important because, unless well briefed by police experts, it can be genuinely very difficult for departments to spot an organised crime attack. Working relations and mechanisms between the PSNI and Northern Ireland departments and the wider public sector should be reviewed (Note, paragraphs 3.8 - 3.14).
19. Too often, we came across an attitude in departments that combating organised crime was the responsibility of the NIO, PSNI and other law enforcement agencies. There was even a reluctance to co-operate with other departments that were involved in countering it. The case studies in Appendix 1 to the Note underline the critical importance of cross-agency working and co-operation in the fight against organised crime. Senior management must address this weakness. (Note, paragraph 3.11 – 3.12).
20. Momentum towards a coherent and informed effort against organised crime appears to be gathering – albeit not universally – in departments, and the work of the IDGOC doubtless had much to do with this. But it is clear from discussions with a number of departments that agencies and public bodies are not briefed systematically on the work of the OCTF or IDGOC, or on prevailing threats or means to counter them. Effective co-ordination arrangements amongst the Northern Ireland departments are the more important, as we understand from OFMDFM that *'no co-ordination or lead role for [it] has been established'*. We recommend that both central

co-ordination and briefing arrangements within departments, agencies and public bodies be reviewed. (Note, paragraph 3.3)

21. If departments, agencies and public bodies do not have any business objectives related to their role in counteracting the threat it will be difficult to be confident that sufficient priority is being given to it, or that the necessary action is being taken. The OCTF and IDGOC should review whether their constituent members reflect the drive against organised crime in their own business plans, supported by objectives and performance indicators (Note, paragraph 3.5).

PSNI

22. As the Patten Report (Note paragraph 3.14) argued (and the PSNI fully endorse), policing at large is not fully effective unless it is conducted in partnership with the community. To promote this, we suggest that OFMDFM and the NIO (and its devolved successor) should consider adopting for Northern Ireland the provisions of the Crime and Disorder Act 1998. These promote partnership working between public authorities and the police and require public authorities to exercise their functions with regard to their effect on crime and to the need to do everything reasonably possible to prevent crime. (Note, paragraph 3.14)
23. Our discussions with a range of bodies, both public and private, highlighted two common themes which are of material importance to the effectiveness of policing and which should be considered in the review recommended in paragraph 18:
 - the need for greater partnership working, as already discussed, and
 - resources: police resources and deployment are of course primarily for the Chief Constable and the Policing Board. However, if the suggestions in this review are to be brought to fruition, resourcing is an issue which will need to be reviewed by the Chief Constable, the Board and the NIO, in conjunction with re-assessing the level of priority given to organised crime in the Policing Plan (Note, paragraph 3.6).

Co-operation among law enforcement and criminal justice agencies

24. Like NIAC, we encountered a good deal of concern among public bodies about the rate of success of the law enforcement agencies in bringing organized criminals to justice and the effectiveness of prosecution and sentencing. This was perhaps most marked in relation to oils fraud and extortion, but was not limited to these areas.
 25. NIAC recommended that a study be conducted into sentences in Northern Ireland compared with those in England and Wales. This has now been completed by the NIO: we were told that it concludes that sentences passed here are broadly comparable with those handed down in
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England and Wales for equivalent offences (Note, paragraph 4.1). The analysis is now being extended to Scotland and the Republic of Ireland.

26. We wholly acknowledge the importance of respecting the prosecution and judicial functions of the criminal justice system and the risk of basing observations on a limited number of cases. Nonetheless, successful prosecution and deterrent sentencing are clearly essential if the scourge of organised crime on society and the economy of Northern Ireland are to be overcome. The review recommendation in the Note (paragraph 1.6.7) is aimed at maximising appropriate co-operation in this area generally.

Criminal assets recovery

27. We encountered a good deal of concern, both among law enforcement agencies and in the business community, as to whether the effective work of the former Assets Recovery Agency in Northern Ireland would be put at risk by its merger with SOCA. We recommend that this be kept under close review by the NIO (and its devolved successor) (Note, paragraphs 3.17 – 3.19).

Northern Ireland departments

28. In addition to the points already made in paragraphs 17 to 21, there are particular areas where the departments have a crucial contribution to make, through effective regulation and licensing, to the efforts of PSNI and HMRC to counter organized crime (Note, paragraphs 1.6, 4.3 and 4.4). These are:
- Petroleum retail licensing (DETI)
 - Road haulage licensing (DOE)
 - Licensing of taxis (DOE)
 - Regulation of charities (DSD)
 - Clubs and liquor licensing (DSD)
 - Trading standards (DETI)
 - Credit unions (DETI)
 - Companies Registry (DETI).
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29. We also believe that DFP could make a greater contribution to countering organized crime, as set out in paragraph 3.20 of the Note.

Data exploitation

30. Perhaps the most important point to emerge from this review is the potential for more extensive use, in the drive against organised crime, of existing data held by the public sector (Note, paragraphs 4.9 – 4.16). Government departments and public bodies hold very large amounts of data on individuals and bodies, collected in the normal course of business, whether for individual benefits, amenities, grants, statutory registration and so on. We recommend that this potentially enormous asset in countering organised crime be exploited to the full. Two ways of maximising its exploitation should be explored in particular – both are already in use to differing degrees, but could potentially be extended. First, as some of the case studies in Appendix 1 to the Note show, a very powerful way of detecting organised crime (and indeed fraud more widely) is the intelligent and frequent interrogation of databases for patterns, consistency and so forth.

Pooling of information

31. The second way to exploit available data arises when it is shared with other agencies and it is often this that provides the greatest potential for acting against organised crime in the form of data-matching (Note, paragraphs 4.9 – 4.16). The potential of this tool has been exploited by the Audit Commission's National Fraud Initiative (NFI) since 1998 and in Audit Scotland since 2004. The Serious Crime Act 2007 conferred powers on the C&AG for Northern Ireland to provide data from public bodies in Northern Ireland for data-matching for the prevention of fraud, financial irregularity and crime. The first exercise commenced in October 2008 with 70 bodies participating on a mandatory basis and a number of others taking part voluntarily.
32. Participation in the NFI is aimed at fraud generally, but may in itself make a contribution to combating organised crime. We recommend that the OCTF Strategy Group consider if the underlying technique could usefully be applied to countering activities of prolific offenders. It is likely that some, if not all of these, will have transacted a range of business with Government departments and public bodies, whether in the normal course or as a part of their criminal activities. Examination of their transactions may provide a powerful tool in detecting offences which may themselves be prosecutable, or which may provide wider investigative leads.
33. Clearly, such initiatives must comply with the terms of the Data Protection Act 1998, the Human Rights Act 1998 and the Commissioners for Revenue and Customs Act 2005, and measures must be in place to prevent loss or abuse of such data collected.
34. To implement this recommendation, the OCTF Strategy Group might consider commissioning work, in conjunction with the Northern Ireland departments, to:
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- identify current holdings of data in Northern Ireland departments, NIO and HMRC (and other public bodies and UK departments) that might be relevant;
- assess, together with the law enforcement agencies, which data might be of particular assistance in countering the organised crime threat;
- identify those departments and agencies which might materially help to detect, prevent, investigate or prosecute organised crime if they had access to that data;
- examine ways of enabling data to be shared in the light of any statutory or other restrictions, with the clear accent on overcoming obstacles;
- establish a mechanism for controlled and efficient sharing of data amongst departments and agencies entitled to receive it for the purpose of countering organised crime, perhaps involving the development of memoranda of understanding such as DSD's Catalogue on Data Sharing;
- explore the use of the Audit Commission's NFI as a potential vehicle for data-matching for these purposes; and
- develop a working group composed of representatives from the NIO, Northern Ireland departments, PSNI, HMRC, and SOCA, with others co-opted as the case demanded, (and perhaps supported by some central analytical capability of the kind developed by the PSNI Analysis Centre), to manage the application of data analysis to investigate individual, or groups of, prolific offenders.

Improving North/South partnership working

35. North/South mechanisms must be maintained if organised criminals' ability to exploit the border is to be neutralised. The appropriate North/South machinery set up under the Belfast Agreement should be used for systematic reviews to ensure that relevant bodies in both jurisdictions are co-operating fully to combat organised crime (Note, paragraphs 3.21 - 3.22).
 36. A general area for policy consideration is the potential for policies and schemes introduced in one jurisdiction to vary from their cross-border counterpart in a way that opens one or other to abuse by organised crime. Fuel and alcohol duty and landfill taxation are examples of policy instruments where differences have created opportunities which organised crime has readily exploited. We recommend systematic reviews to ensure that:
 - relevant bodies in both jurisdictions are co-operating fully to combat organised crime;
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- relevant policies developed in each jurisdiction are analysed with a view to altering features that might facilitate organised criminal activity;
- decisions on new policies, North and South, are taken in the light of the assessed consequences for criminal exploitation; and
- where such consequences are identified as likely, policy adjustments or counter-measures, as appropriate, are put in hand in both jurisdictions.

Increasing public understanding

37. Organised crime is widely believed to be seriously under-reported, as noted in the NIAC report. In particular, crimes involving the individual consumer, such as intellectual property crime, rely to an important extent on public ignorance. NIAC confirmed a widespread view that organised crime is victimless, assessing it as deeply corrosive: in reality, we are all victims, whether as taxpayers or consumers. Hence, the importance of efforts by the OCTF and its constituent members to increase levels of public understanding and also reporting. We believe that these should be continued, and should include measures to promote the use of confidential phone lines and release of information about the threat of, and successes against, organised crime. The NIO should review its decision not to appoint a communications manager (Note, paragraph 4.7).
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Annex One:

Terms of reference

The review takes as its starting point the findings of the Northern Ireland Affairs Select Committee (Organised Crime in Northern Ireland, HC 88b-I, Session 2005-06). It will examine the evidence of the impact of organised crime on the public sector where it distorts service delivery, increasing costs and losses. The review should supplement the evidence to the Committee on the incidence of organised crime with an examination of the information available within PSNI and relevant departments and public bodies. As much of this may be anecdotal, this is likely to require a programme of in-depth discussions with key staff.

In addition:

- any ideas of policy options for action against organised crime beyond those in the Select Committee's Report and the government's response (HC 1642, Session 2005-06), should be noted;
 - where appropriate an attempt should be made to estimate the significance of the areas of crime which are identified in financial or non-financial terms;
 - potential case study material should be identified; and
 - the impact of measures already in place to combat organised crime, including pilot exercises, should be assessed.
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Annex Two:

Progress In Implementing Relevant NIAC Recommendations

(Comments in italics following NIAC's recommendations provide headline information on progress to date towards implementation.)

Conclusions and recommendations

1. Paramilitary organised crime continues to threaten the stability of communities in Northern Ireland and poses a real threat to future political progress. We are deeply concerned by the control which paramilitary groups from both communities continue to exercise over those communities, the fear that this creates and the attendant negative consequences that this has for the reporting of organised crime. (Paragraph 21)

This is a matter for the Independent Monitoring Commission to measure, and as such is not within the ambit of this review.

2. We share the Independent Monitoring Commission's concern about the potential for the process of paramilitary transition to create an instability which is open to exploitation by organised criminals with paramilitary backgrounds. It is vital that the PSNI and other law enforcement agencies in Northern Ireland take every possible step to combat paramilitary organised crime. If this requires extra financial and logistical support, then we call upon the Government to provide it. Ministers should be in no doubt that their political efforts could be completely undermined by another Northern Bank robbery. (Paragraph 22)

Where resources are an issue, this is commented on in the relevant section of our Note.

3. While we note the progress HMRC is making in combating oils fraud, we believe that it must increase its efforts to counter this activity. The amount of illicit fuel sold in Northern Ireland remains at an unacceptably high level. Despite recent increases in the numbers of laundering plants disrupted and gangs broken up, much remains to be done. (Paragraph 30)

We are satisfied that countering oils fraud is a priority for HMRC as a matter very close to its core revenue collection function. In addition, the OCTF established a cross-border fuel fraud enforcement group in mid 2008. We note that PSNI believe crime in this sector has reduced as a result of law enforcement.

4. We are pleased to note the success of the Registered Dealers in Controlled Oils Scheme established under HMRC's Oils Strategy, although we are concerned that the import of rebated oils from the Republic of Ireland threatens to replenish the illegal supply chain. We accordingly note the importance

Annex Two:

of cross-border cooperation in combating misuse of rebated fuels. We recommend that the Government reconsider its dismissal of the Danish model of payment of duty on rebated fuels at the point of sale as a matter of extreme urgency and that it give its conclusions when it replies to this Report. (Paragraph 37)

HMRC told us that its working relations with the Irish Revenue Commissioners are good. Wider taxation issues are outside the scope of this review.

5. We wish to highlight the environmental and health and safety costs of laundering of rebated fuels. We also note that such laundering is causing substantial damage to the engines of many cars of drivers who, in good faith, have purchased diesel that has been diluted with kerosene or red diesel that has been treated with acid to remove its rebate marker. (Paragraph 38)

A point 'to note'.

6. It is clear that there is a perception in Northern Ireland that those guilty of the crimes with which we are dealing get off lightly because the crimes are regarded as "victimless". There is no such thing as a victimless crime and we welcome the Minister's emphatic agreement with this statement. Society itself, and the reputation of Northern Ireland, are victims of these crimes. On a personal level, the extortion and intimidation that go with these crimes have countless individual victims, each of whom lives in a permanent state of fear. Those responsible for this mental cruelty, and those who benefit from the proceeds of crimes associated with it, should be treated with no degree of leniency, but rather with the utmost severity the law allows. (Paragraph 39)

There is a continued NIO drive to underline key messages. OCTF commissioned research, on foot of NIAC's recommendation, into how to improve effectiveness at raising awareness of harms caused by organised crime, and encouraging every one in Northern Ireland to play their part in tackling the problem. As a result a number of public outreach events have been held throughout Northern Ireland for local businesses, voluntary and civic groups and schools. Christmas advertising campaigns have also been run aimed at the 18-34 age bracket (the key market for purchasing counterfeits) – these highlighted the dangers associated with a range of fake goods. This was also a theme of the OCTF 2008 Annual Report and Threat Assessment (June 2009).

The most recent Northern Ireland Omnibus Survey shows that 46 per cent of the sample interviewed were aware of the work of the OCTF in Northern Ireland; this is an increase of 5 per cent over the previous year.

7. Cigarette smuggling is a major and highly lucrative organised criminal activity in Northern Ireland. We acknowledge the efforts of HMRC in tackling what is a large scale, highly organised and complex problem. We welcome the close cooperation between HMRC, the PSNI, An Garda Síochána and the

Revenue Commissioners in the Republic of Ireland. We believe that this area of organized crime can be tackled effectively only through close cooperation with law enforcement agencies in those countries involved in this trade and with international law enforcement agencies such as Europol and Interpol. We note that the supply chains for counterfeit cigarettes and the smuggling of genuine cigarettes extend across Europe and far beyond. (Paragraph 43)

A point 'to note', though the principle and practice of co-operation are clearly crucial to all attempts to combat organised crime.

8. We welcome the measures taken by the PSNI in conjunction with the OCTF's expert group and commend their efforts in tackling this major area of organised crime in Northern Ireland. We are deeply concerned by the effect which intellectual property crime is having on the local economy and the potentially hazardous effect which some counterfeit goods, including cigarettes and alcohol, have on the health of those who are duped into buying them. We welcome the publicity that accompanied the launch by the Policing and Security Minister of the OCTF's 2006 Annual Report, highlighting the potential hazards of counterfeit goods and conveying the message that intellectual property crime is not victimless.

We urge the Government to take every possible step to ensure that this message is conveyed to the whole community. (Paragraph 46)

As at 6 above.

9. We note with satisfaction the work that the PSNI is doing to combat illegal dumping and welcome its close collaboration with An Garda Síochána and the Environment and Heritage Service. We urge the Government to introduce legislation, before the end of this Parliamentary Session, to give the police powers to detain vehicles suspected of transporting waste. (Paragraph 50)

The Waste (Amendment) (NI) Order 2007 was made on 6 March 2007.

10. While we welcome the steps being taken by the Social Security Agency to combat identity fraud and improve the process of issuing national insurance numbers, we are concerned by the weaknesses identified by Criminal Justice Inspection Northern Ireland in the Agency's Benefit Fraud Investigation Unit. We urge the Benefit Fraud Investigation Unit to implement the recommendations of the Criminal Justice Inspection report without delay. Given the experience in Great Britain of organised criminal gangs operating benefit fraud, we urge the Department of Social Development to continue to give urgent attention to this. (Paragraph 53)

All relevant recommendations have now been implemented.

Annex Two:

11. We welcome the initiatives taken by the law enforcement agencies, but, if public confidence is to be increased, it is essential that the public understand what is being done on its behalf and so those agencies must use plain language when they explain their work. (Paragraph 63)

As at 6 above.

12. We gladly recognise the important steps taken by law enforcement agencies on both sides of the border to address the disturbing increase in the sophistication of organised crime. It is, however, of crucial importance that their investigations and response continue to be sufficiently robust to act as a deterrent. In this context, it is vital that more criminals are convicted; that the statutory penalties are adequate; and that sentences reflect the severity of the crime. (Paragraph 64)

A point 'to note' although we were told that OCTF partner agencies work closely together to ensure effective implementation of existing law and review penalties.

13. The involvement of 'professionals' is a further worrying attribute of organised crime. We suspect, given the evidence of increased sophistication, that 'professional' assistance is an important element in organised criminal activity. We commend the work that has been undertaken by the law enforcement agencies in conjunction with the Law Society and with the financial services sector. We believe that this area will require an ever vigilant approach by the agencies of the OCTF. They must remain alert to the problem and take all possible steps to bear down on it. It is also incumbent on the professional bodies, such as the Law Society and the Institute of Chartered Accountants, to satisfy themselves that their membership requirements are sufficiently rigorous and that observance of them is carefully monitored. (Paragraph 75)

Whilst professional bodies have monitoring and disciplinary arrangements in place to guard against members falling short of prescribed professional standards, it is important that they maintain a rigorous level of compliance and take action in cases of breach of standards.

OCTF continues to work closely with its business representatives through various events. The NIO Minister for Policing and Security hosted an event with the regulated sector in September 2006, attended by the chairman of SOCA, to announce the outcome of a SARS review and to remind the sector of its statutory duties under the regime. This was followed by the issue of leaflets to approximately 1,700 relevant organisations reminding them of their obligations to comply with money laundering regulations. OCTF held a workshop with the banking sector in March 2009 and events are planned with the business community and the regulated sector in September 2009.

14. It is clear from the evidence that we received that organised crime in Northern Ireland is subject to significant under reporting and that many of its victims fear intimidation or reprisal. In the absence of any

firm statistical data on the size of the problem, the vast majority of respondents relied on direct personal experiences and anecdotal evidence. This applies to all types of crime on which we took evidence. Because of the political history of Northern Ireland, its recent terrorist past and the continuing involvement of paramilitaries, organised crime is of a different nature and consequently has a more damaging impact on communities than it does in other parts of the UK. (Paragraph 85)

A point 'to note'.

15. We welcome the Policing and Security Minister's acceptance that there is a need for an enhanced understanding of organised crime in Northern Ireland. Understanding its nature and the gangs and networks involved is vital in order to ensure a wholly effective and robust response by the law enforcement agencies. We welcome the Minister's assurance that the focus of the law enforcement agencies will be on targeting organised criminal gangs. We are encouraged by Sir Hugh Orde's assertion that the battle against organised crime is "winnable". His putting it in these terms, however, shows that it has yet to be won. (Paragraph 86)

Work to evaluate the harm caused by organised crime continues in both the Home Office and NIO.

16. A comprehensive assessment measuring the economic and social harm caused by organised crime in Northern Ireland would demonstrate how great the problem is. The time for determined new initiatives has come. (Paragraph 87)

In June 2009, OCTF partner agencies agreed a baseline measure of harm caused by organised crime. This is to be used to set a target later in 2009, as part of the NIO's Public Service Agreements targets, to reduce the harm caused by organised crime.

OCTF is also committed to the principles of the national organised crime mapping project which will roll out in Northern Ireland during 2009. Work is ongoing to develop a harm reduction framework which can be used to measure the impact of enforcement activity on crime problems in Northern Ireland.

17. We are concerned by the significant though unquantified effect organised crime is having on businesses in Northern Ireland and the consequential impact on the economy. We are concerned too by the evidence that parts of the business community do not have sufficient confidence in the PSNI. We welcome the assurances by the PSNI that all possible steps are being taken to tackle extortion. However, we urge the PSNI to do everything possible to convince the communities in which the problem is rife, and the victims of extortion, that if they do not report incidents the police will not be able to help them eradicate the fear that this creates. This will involve creating a climate in which the victim will feel

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safer by reporting a crime than by remaining silent. Elected politicians at all levels have a crucial role, alongside the PSNI, in creating such a climate. (Paragraph 97)

While PSNI reports little use made of the extortion helpline, where cases have been reported to it, it has been successful in bringing prosecutions.

PSNI extortion helpline continues to be promoted with leaflets distributed at OCTF awareness events; OCTF press releases and website routinely advertise the confidential telephone lines provided by the law enforcement agencies.

18. We recognise that levels of taxation are not within the remit of this Committee, and we understand that the harmonisation of tax rates between one region of a Member State and another Member of the European Union is no easy matter. However, we must put it on record that it was a widely shared opinion of witnesses in public sessions, and amongst those we met informally, that if the United Kingdom and the Republic of Ireland could agree a common regime for fuel duty in Northern Ireland and the Republic of Ireland, they would deliver a fatal blow to those involved in this area of organised crime. We are concerned at the scale of the problem and that law-abiding members of the public may unwittingly be helping to feed the illegal market. We therefore urge the Government to give urgent further consideration to the desirability of introducing a differential rate for fuel duty in Northern Ireland. (Paragraph 103)

Outside the scope of this review.

19. We recommend at paragraph 220 that the PSNI should take further steps to publicise its confidential helpline. These steps must include measures targeted at those sectors of the economy in which extortion is a particular problem. (Paragraph 106)

As at 17.

20. Although anecdotal, the reports we heard were based on direct personal experiences of extortion within the construction industry and were given by individuals of whose bona fides the Committee was completely satisfied. We were both deeply concerned and disturbed by the evidence that builders simply felt they had no choice but to make protection payments, such was the overt threat and fear of reprisals that would follow a refusal to pay. We were left in no doubt about the damaging impact that this was having on construction businesses, in terms of the substantial amounts of money that were having to be paid for "protection" and of the fear that this despicable activity was causing. It is also inevitable that costs to business in extortion payments are passed on, at least in part, to the customer. (Paragraph 108)

Mainly a point 'to note', but see section of our Note on Construction Contract Monitors.

21. Combating extortion requires the closest of confidential links between business and the police and also widespread confidence that these crimes will be vigorously pursued. We are in no doubt that the PSNI is treating this very seriously. We acknowledge the difficulties in reporting this type of incident to the police, but without such reports, no action can be taken. We note later the seriousness with which the courts are treating extortion by paramilitaries. This scourge on society can only be combated by close cooperation between those who are threatened and the police. It is also essential that the courts have adequate powers and appropriate procedures to impose appropriately severe penalties on the convicted. (Paragraph 109)

As for 20.

22. We welcome official assurance that the Independent Private Sector Inspector Generals pilot projects are proving to be effective. We are glad to note that these projects are being extended with a view to developing a model for potential use in other sectors. (Paragraph 110)

All Government construction works contracts now have enabling clauses permitting the contracting body to appoint a Construction Contract Monitor. However, there are concerns about adequacy of sanctions and the risk to their crucial deterrent effect.

23. We note that Trading Standards officers have had success in ensuring that the licensed trade serves only legitimate alcohol and we also note the substantial costs to businesses of measures to combat counterfeiters. But we remain extremely concerned at the widespread distribution of illegal alcohol, and at the many serious implications of this, including particularly dangers to public health and sales to children. We therefore urge the Government to mount a publicity campaign to highlight the dangers of consumption of counterfeit alcohol and to make it clear to consumers that they are taking a serious personal risk as well as supporting organised criminal activity by purchasing such alcohol. Alcohol fraud can not be seen as a victimless crime. We are glad to note that, after we raised these issues with the Minister, he gave prominence to them in the release of the OCTF's Annual Report for 2006. (Paragraph 115)

As at 6 in terms of general awareness measures.

24. Where members of the licensed trade have been victims of threats of extortion, we believe that there is an onus on them to report these threats to the police, and on the police to have in place liaison arrangements to support those seeking their help. But they must be able to feel that their complaints will be vigorously pursued and that they will be offered whatever protection is necessary. (Paragraph 116)

As for 20.

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25. The implementation of these proposals will coincide with the transformation and reorganisation of local government in Northern Ireland and the emergence of much larger district councils. It is important that these councils recognise the needs of individual communities which they serve. (Paragraph 124)

A point 'to note'.

26. We note the importance of careful oversight of licensing in cash-based industry to prevent infiltration by those intent on using such businesses as a means of laundering money. We note that statutory guidance will be in place to ensure that district councils meet their obligations under the new licensing provisions. However, any licensing system is only as effective as the level of its enforcement and we accordingly ask the Government to provide reassurance both to the Committee and the people of Northern Ireland that provisions for oversight of district councils' exercise of their licensing functions will be thorough. (Paragraph 125)

This is under review by the Assembly.

27. Having taken careful note of the evidence received, we believe that a totally convincing case for these changes has still to be made. We are disturbed by the financial loss that would be suffered by individuals whose retirement plans took account of the value of their licences should these changes be implemented. In our opinion there is a strong case for giving urgent consideration to the possibility of making compensatory payments which recognise the loss of legitimate expectations. (Paragraph 126)

Outside the ambit of this review.

28. We welcome the review of the OCTF structures undertaken by the NIO in 2005. All structures need to be overhauled from time to time and that is particularly so when the threat from organised crime constantly evolves and mutates. It is essential that the agencies of the OCTF remain as alert to the threat as organised crime gangs are to the opportunities. (Paragraph 135)

Overall the OCTF structures seem to be working well. However, it is clear from discussions with a number of departments that agencies and public bodies are not systematically briefed on the work of the OCTF or IDGOC, or on prevailing threats or means to counter them. There are also concerns about the priority given by some Northern Ireland departments and their links with PSNI. We are aware that these arrangements are in transition but believe that our review could be helpful in identifying improvements. See Part 3 of the Note.

29. We welcome the fact that the CBI and the Federation of Small Businesses are now represented on the OCTF's stakeholder group, but are concerned that its membership does not include representatives of specific key industries affected by organised crime, including road haulage, the licensed trade and construction industries. We recommend that membership of the stakeholder group is extended to include key specific industries; that it meets quarterly rather than twice a year; and that its work is given wider publicity within the community at large. (Paragraph 136)

OCTF now meets quarterly. Specific sectoral interest groups are invited to meetings as appropriate, and sub- and expert groups are kept under review with sectoral groups co-opted as appropriate.

30. We welcome the measures taken by PSNI to strengthen its capacity to combat organised crime. We are in no doubt about the seriousness with which it treats its responsibilities in combating this problem. The pattern of paramilitary organised crime is changing and the potential for paramilitaries to use their expertise and skills to mutate into professional criminal enterprises is high. We welcome PSNI's commitment to adapt its approach in response to the changing pattern of organised criminal activity, and its assurance that its intelligence picture has strengthened. (Paragraph 143)

While we were re-assured by the priority given by PSNI to combating organised crime generally, we have some concerns that this is not adequately reflected in the Policing Plan, and about the adequacy of resources for this work.

31. Combating organised crime is not the sole responsibility of the PSNI, but the shared responsibility of the PSNI, the other law enforcement agencies and indeed all Government departments. We strongly believe that a partnership approach, under which responsibility is accepted by all these bodies, will have a much more direct and significant bearing on organised crime, particularly paramilitary crime. (Paragraph 144)

This is the crucial factor in combating organised crime. We feel there is still some way to go, particularly as far as Northern Ireland departments are concerned.

32. We are under no illusions that gaining the community support that is essential in tackling organised crime and reducing the hold of the paramilitaries will require time, patience and strenuous effort. We therefore welcome the PSNI's commitment to assure local communities that organised crime is being addressed. This vital work must be given high priority. (Paragraph 145)

As for 6 and 15.

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33. We recognise, however, that the success of the police in tackling organised crime will be significantly limited so long as one of the major political parties, Sinn Féin, withholds its support for, and recognition of the legitimacy of, the PSNI—and continues to encourage its supporters to follow this lead. Comprehensive and thoroughly effective policing requires the recognition and support of all communities and particularly of the leaders of those communities. (Paragraph 146)

Mainly a 'to note' item, although Sinn Féin have now committed to support the PSNI.

34. The Committee has received conflicting reports in private on schemes for community restorative justice (CRJ). While it is clear that there are schemes which act in the wider interests of the community and in constructive cooperation with the PSNI, there are other schemes that purport to be an alternative police force. Nothing must be done to give the latter further encouragement. We go further and urge that every possible step be taken to ensure that any future schemes are not infiltrated or controlled by paramilitaries. We recommend the adoption of clear and firm requirements which will apply to all such schemes. We further recommend that any community restorative justice group should only qualify for funding if it cooperates with the PSNI. We will therefore assess carefully the guidelines which the government has promised to issue to satisfy ourselves that they are adequate for their purpose. (Paragraph 147)

A protocol requiring CRJ bodies to communicate directly and meaningfully with the PSNI was issued in February 2007. The protocol clearly identifies the requirement for schemes to comply fully with the rule of law, spells out the centrality of the police, and provides safeguards to protect the rights of both victims and offenders. At the current time 15 community-based restorative justice schemes have been accredited.

In July 2008, a £600,000 package of funding, in partnership with The Atlantic Philanthropies, was announced which will be made available to accredited community-based restorative justice schemes over the next three years to assist in implementing the protocol.

35. Our inquiry has shown that oils fraud and tobacco fraud are significant and sophisticated areas of organised crime in Northern Ireland which require a vigorous law enforcement response. We welcome the steps taken by HMRC through its strategies to tackle both areas. We are encouraged by the increase in the sale of legitimate fuel in Northern Ireland, HMRC's commitment to ensure further growth in the legitimate market, and its determination to continue to bear down on tobacco fraud. (Paragraph 154)

We are re-assured by HMRC's commitment to tackle both these areas.

36. However, we are deeply concerned by the evidence that crucial information about illegal activity is not always reaching HMRC headquarters. This situation cannot be allowed to continue. Receiving reports of illegal activity is critical to HMRC's capacity to tackle the problem effectively and timeously.

We recommend that it review its systems for receiving information, particularly from officers working on the ground, and takes every possible step to encourage reports of suspicious activity, including wider publicising of its confidential telephone service. (Paragraph 155)

HMRC rebutted the internal information point as a misunderstanding in HM Government's response to NIAC. The freephone number is regularly advertised through OCTF material/events.

37. The HMRC has wide responsibilities none of which it can neglect. We welcome the particular attention it is giving to its customs and excise responsibilities in assisting the fight against organised crime. Nonetheless, diligent examination of individuals' tax affairs also has a very important role to play. It follows that the approach to thresholds adopted in the rest of the UK for examining an individual's tax affairs is not necessarily appropriate in Northern Ireland. There it is essential to target key members of organised crime gangs and those who may sponsor or protect them and such targeting inevitably necessitates a more flexible approach. (Paragraph 156)

We are re-assured that arrangements for targeting key individuals' tax affairs are in place. For example, the Criminal Taxation Unit (CTU) in Belfast comprises four members of staff (a case director and three investigators). Currently, 27 cases are being investigated or have been settled by the CTU with a projected yield in excess of £3.5 million.

38. Although UK wide, the Assets Recovery Agency has an assistant director and an office in Belfast specific to Northern Ireland. It has a total staff complement of approximately 200 and a Home Office budget of £15.5 million. The Belfast office has 47 staff and a budget of £3.59 million. We are bound to question whether this is an adequate distribution of resources, bearing in mind the importance of the issues on which this Report focuses. (Paragraph 157)

We are re-assured by SOCA's development of an operational resource in Belfast and commitment to delivering effective results in Northern Ireland. SOCA is also represented on OCTF and is working closely with other members.

39. The Assets Recovery Agency also suggested that Part 5 of the 2002 Act required "a number of small amendments". We agree that such amendments would improve the Agency's efficiency and effectiveness. We ask the Government to undertake an urgent review of the legislation. (Paragraph 162)

Some of the powers sought have been included in the Serious Crime Act 2007.

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40. The Assets Recovery Agency has been operating for only three years. We believe that within that relatively short period of time, the Agency has made a positive start towards recovering the very substantial proceeds of organised criminality in Northern Ireland. We welcome the growing number of referrals to the Agency, and the Agency's assurance that it pursues all viable cases referred to it, regardless of whether the cases have a loyalist or Republic of Ireland link. We cannot stress enough the importance of the law enforcement agencies in Northern Ireland continuing to refer cases they believe can be pursued by the Agency. We also note from the Agency's latest Annual Report that the costs of its operations to date far exceeds the value of assets it has recovered. We must express concern at this, particularly in light of the much greater financial success of the Criminal Assets Bureau in the Republic of Ireland. (Paragraph 168)

This is largely covered in NAO's report and subsequent PAC report (See Note, paragraph 3.17). However, there is still a patchy picture on referrals from Northern Ireland departments.

41. We welcome the Agency's decision to give 50 per cent of the assets recovered in a particular case to the referring organisation. We share the view that this will help foster goodwill and strengthen joint working arrangements between the law enforcement agencies. (Paragraph 169)

A point 'to note'.

42. We also welcome the Minister's willingness to carry out a review of the Proceeds of Crime Act 2002. We heard strong evidence that the taxation powers of the Assets Recovery Agency would be more effective if they were equivalent to those of the Criminal Assets Bureau (CAB) in the Republic of Ireland. The CAB has the power to initiate cases without having to wait for a referral. We do of course recognise that the CAB is an integral part of An Garda Síochána. Whilst we advocate increased powers for the Assets Recovery Agency, we recognise that actions initiated by them must not prejudice wider police investigations. (Paragraph 170)

As for 38 and 39 although the Public Prosecution Service needs to be appropriately skilled and resourced to discharge its duties in relation to civil confiscation conferred by the Serious Crime Act 2007. There is also the need to resolve its access to the Incentivisation Fund.

43. We have also received disturbing reports that, as a result of changes in legal aid legislation, criminals have been able to use the proceeds of their crime to fund their defence costs. We hold firmly to the view that those accused of crimes are innocent in law until proven guilty, but anyone found guilty in these circumstances should receive a sentence that reflects the illicit use of ill-gotten gains. We recommend that the Government keep this matter under close review. (Paragraph 171)

No change.

44. We welcome the growth in cross border cooperation in tackling organised crime and the establishment of more formal arrangements for joint operations. This cooperation is vital to the fight against organised crime. (Paragraph 176)

Largely a point 'to note'. Generally a reassuring picture on North/South co-operation, but some concerns about impact of absence/insufficiency of Schengen arrangements on drugs especially (See Note, paragraph 1.6.24).

A point 'to note'.

46. We endorse Sir Hugh Orde's call for a comparative study to be conducted into sentences in Great Britain and Northern Ireland. It is only on the basis of such a study that an assessment can be made as to whether the perception that sentences are more lenient on average in Northern Ireland is valid. (Paragraph 185)

The statistical comparison has been completed. NIO wrote to NIAC in June 2007 on sentencing compared with England and Wales – the findings showed that the picture was broadly similar across jurisdictions for offences related to organised crime, and the wider picture for all indictable offences shows consistently longer sentences in Northern Ireland for a wide range of offences. (The analysis is now being extended to Scotland and the Republic of Ireland). However, case-study examples at Appendix 1 to the Note show significant variances.

47. The Committee holds strongly to the view that politicians should not criticize individual judges and takes most seriously the points made by the Lord Chief Justice to the Committee. Nevertheless, the Attorney General himself has expressed a clear interest in these matters, as the senior Law Officer of the Crown. He is of course a Member of the Government, and it is the Committee's duty to hold the Government to account. We recognise the clear perception that exists in Northern Ireland that those found guilty of so-called "victimless" crimes (about which we have previously expressed our opinion) are not given sentences commensurate with the seriousness of their crimes. If this perception continues, it will have a detrimental effect on confidence in the administration of justice and on the process of upholding and enforcing the law in Northern Ireland. We welcome the exercise by the Attorney General of his right to appeal against unduly lenient sentences and recommend that his right to appeal against a lenient sentence be extended to appealing against sentences in "either way offences". (Paragraph 191)

Rejected by HM Government as impracticable in February 2007 response to NIAC.

48. We note the judgment of the Court of Appeal that those convicted of offences connected with paramilitary violence should receive more severe sentences. We also note that paramilitaries are not just

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engaged in violent activities; they are also clearly involved in other crimes including oils and revenue fraud. While recognising the complexities that might be involved, and noting the caveat entered by the Lord Chief Justice in his Principal Private Secretary's letter to the Committee, we nevertheless feel bound to recommend that careful consideration be given to making connection with organised crime an aggravating factor in sentencing in Northern Ireland. (Paragraph 192)

Putting the term "organised crime" into law is seen as creating technical difficulties because it would have to be defined for the courts and the multi-faceted nature of organised crime means that criminals continually adjust their ways to get around the law. Practice to date has been to leave interpretation to the courts.

49. We welcome the Government's decision to establish a licensing regime for the petrol retailing industry, but regret that it has taken so long to implement a recommendation made by the Northern Ireland Affairs Committee in 2003. We give notice that we intend to keep the implementation and operation of the proposed licensing scheme high on our agenda and we urge the law enforcement agencies to give sufficient priority to the licensing scheme to ensure that it is enforced. (Paragraph 196)

A Fuel Oils Forum and a liaison unit have been set up within the Health and Safety Executive (NI) to provide strategic oversight of its partnership with district councils in order to maximise the effectiveness of the new arrangements, particularly given concerns about the slow rate of progress so far.

50. Throughout the evidence that we have received on this subject, and indeed on others, the inability of trades to regulate and discipline their own members was all too apparent. Fundamental to combating crime of this nature is the agreement of Codes of Conduct which are rigorously enforced. But no organisation will feel able to introduce disciplinary measures unless it feels absolute confidence in the determination of the police to pursue criminals and the knowledge that the police has the unreserved support of all elected politicians, at all levels, in Northern Ireland. (Paragraph 197)

See 13 and 33.

51. We are extremely concerned by the reports of the Independent Monitoring Commission on the involvement of paramilitaries in the taxi trade. While we welcome the official assurance that revised licensing legislation will be brought forward, this legislation is long overdue. We will continue to take an interest in this area and will examine the proposals closely. (Paragraph 200)

This is now an issue of less concern on part of the PSNI. The Taxis Act (Northern Ireland) 2008 contains new powers enabling reform of the taxi operator licensing regime. Once these powers are in place, anyone wanting to operate a taxi business will have to be "a fit and proper person" and will have to

comply with certain duties related to record keeping and the drivers who can work for them. There will also be greater enforcement powers to ensure that taxi operators and drivers comply with the legislation. DOE is planning for a phased introduction of operator licensing, with the first phase due to start later this year.

52. We recommend the establishment of a system for training and registration of door supervisors. We note that the Northern Ireland Office is currently reviewing legislative provisions governing the private security industry, including door supervisors, in Northern Ireland. The Policing and Security Minister acknowledged that Northern Ireland did not have a properly licensed, well regulated, private security industry. We urge the Government to ensure that this review is carried out as a matter of priority. (Paragraph 203)

The Justice and Security (Northern Ireland) Act 2007 extends the authority of the Security Industry Authority (SIA) to Northern Ireland. Transitional provisions have been put in place to regulate the private security industry in Northern Ireland during the SIA's implementation period.

A project board has been set up to manage the delivery of SIA regulation to Northern Ireland. The implementation process is well advanced. From December 2009 it is illegal to work without a SIA licence in almost all designated licensable sectors in Northern Ireland, including door supervisors provided under contract. In-house door supervisors will be required to have a licence by April 2010.

53. We are astounded that it has taken so long to come to a sensible decision on the regulation of charities in Northern Ireland and we urge that there be no further delay in bringing forward the appropriate legislation. The Committee would be glad to play its part in the framing of such legislation, and in monitoring its implementation. We also believe that there is a case for the use of Independent Private Sector Inspector Generals in the charitable sector; we ask the Government to review its policy on this point. (Paragraph 210)

The Charities Bill received Royal assent September 2008. The Charity Commission was established in March 2009 and its powers and functions under the Charities Act (NI) 2008 will be transferred to it under a series of commencement orders beginning in September 2009.

54. Although we welcome the assurance that proposals for a licensing regime for the road haulage industry will be brought forward in 2007, we are disappointed by the delay in bringing forward the proposals, given that a road haulage licensing regime has been operating in England and Wales since 2000. We cannot stress too highly the importance of providing appropriate licensing and regulatory frameworks for key industries in Northern Ireland. (Paragraph 212)

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This is now for devolved Ministers and the Assembly. The Goods Vehicles (Licensing of Operators) Bill completed its final stage on 1 December 2009 and is now awaiting Royal Assent.

55. We believe that it would be helpful to establish a “crime proofing” test of all policy initiatives and future legislation by both the Northern Ireland Office and Northern Ireland Departments. This would help ensure that they were not open to exploitation by those involved in organised crime. In this context, we welcome the creation of the Northern Ireland Civil Service Interdepartmental Group, the aim of which is to promote awareness of the threat from organised crime both in Government Departments and throughout the public sector. We recommend that this Group, in consultation with the Northern Ireland Office and the PSNI, takes every necessary step to ensure that policy initiatives and proposed legislation are thoroughly examined to ensure that they are not capable of exploitation by criminal elements. (Paragraph 213)

A crime-proofing element has been incorporated into the integrated impact assessment to which policies are subjected. This includes guidance on an initial policy screening exercise and on a full crime impact assessment. The toolkit will be updated and refined in light of further research and as feedback on its implementation is received.

56. We note that the PSNI announced the opening of a new dedicated telephone line for the reporting of incidents of extortion on 15 May 2006; the helpline 028 90 92 22 67 will be open on Mondays to Fridays from 8 a.m. to 4 p.m. The decision to open this line was made in response to the Committee’s questions at the beginning of this inquiry. We are grateful for this prompt response but emphasise that this initiative needs wider publicity. (Paragraph 215)

As at 17.

57. We commend the work of Crimestoppers and commend their initiative in mounting a publicity campaign to highlight their independence from the police and the anonymity that they offer to callers. (Paragraph 219)

A point ‘to note’.

58. We urge the PSNI and HMRC to take further steps to publicise their confidential telephone lines. (Paragraph 220)

As for 17.

59. We believe that it is essential that adequate provision for non-jury trials for appropriate offences in Northern Ireland is maintained. It is only by maintaining them that many witnesses will feel able to give evidence against organised crime gangs. We therefore urge the Attorney General to assess with the prosecuting authorities whether the use of such trials would encourage more witnesses to give evidence. (Paragraph 222)

The Justice and Security (NI) Act 2007 provides for non-jury trial in certain limited circumstances in Northern Ireland i.e. where the Director of Public Prosecutions has certified that it is necessary to protect the administration of justice. This includes cases where members of paramilitaries act for personal gain as well as where they act on behalf of the organization.

Annex Three:

List of bodies consulted

Assets Recovery Agency
Association of Chartered Certified Accountants
Audit Commission
Barclays Bank plc
Confederation of British Industry (NI)
Central Finance Group DFP
Central Procurement Directorate DFP
Chartered Institute of Management Accountants
CIFAS
City of London Police
Council of Mortgage Lenders
Criminal Justice Inspection Northern Ireland
DARD
Department of Culture, Arts and Leisure
Department for Employment and Learning
Department of Education
DETI
DHSSPS
DOE
Department for Regional Development
DSD
Driver and Vehicle Licensing Northern Ireland
Driver and Vehicle Testing Agency
NIEA
Federation of Small Businesses (NI)
Financial Services Authority
General Registrar's Office DFP
HMRC
HSENI
Institute of Chartered Accountants in Ireland

Inter-Departmental Group on Organised Crime

Law Society of Northern Ireland

NI Bankers' Association

NI Chamber of Commerce and Industry

NI Construction Employers Federation

NI Court Service

NI Housing Executive

NI Information Commissioner

NI Legal Services Commission

NIO

OFMDFM

Organised Crime Task Force Strategy Group

Planning Service (DOE)

PSNI Analysis Centre

PSNI Economic Crime Bureau

Public Prosecution Service

Serious Organised Crime Agency

Trading Standards Service (DETI)

Annex Four:

List of abbreviations

| | |
|--------|---|
| CAB | Criminal Assets Bureau |
| C&AG | Comptroller and Auditor General for Northern Ireland |
| CRJ | Community Restorative Justice |
| DARD | Department for Agriculture and Rural Development |
| DETI | Department for Enterprise, Trade and Investment |
| DFP | Department of Finance and Personnel |
| DHSSPS | Department of Health, Social Services and Public Safety |
| DOE | Department of the Environment |
| DSD | Department for Social Development |
| GLA | Gangmasters Licensing Agency |
| HMRC | HM Revenue and Customs |
| HSENI | Health and Safety Executive for Northern Ireland |
| ID | Identity |
| IDGOC | Inter-Departmental Group on Organised Crime |
| IPC | Intellectual Property Crime |
| IT | Information Technology |
| NAO | National Audit Office |
| NFI | National Fraud Initiative |
| NIAC | Northern Ireland Affairs Committee |
| NIAO | Northern Ireland Audit Office |
| NICS | Northern Ireland Civil Service |
| NIEA | Northern Ireland Environment Agency |
| NIO | Northern Ireland Office |
| OCTF | Organised Crime Task Force |
| OFMDFM | Office of the First Minister and Deputy First Minister |
| PSNI | Police Service of Northern Ireland |
| SAR | Suspicious Activity Report |
| SIA | Security Industry Authority |
| SOCA | Serious Organised Crime Agency |
| SSA | Social Security Agency |
| UKBA | UK Border Agency |
| VAT | Value Added Tax |

NIAO Reports 2009

| Title | HC/NIA No. | Date Published |
|--|---------------|------------------|
| Absenteeism in Northern Ireland Councils 2007-08 | – | 9 January 2009 |
| Obesity and Type 2 Diabetes in Northern Ireland | NIA 73/08-09 | 14 January 2009 |
| Public Service Agreements – Measuring Performance | NIA 79/08-09 | 11 February 2009 |
| Review of Assistance to Valence Technology: A Case Study on Inward Investment | NIA 86/08-09 | 25 February 2009 |
| The Control of Bovine Tuberculosis in Northern Ireland | NIA 92/08-09 | 18 March 2009 |
| Review of Financial Management in the Further Education Sector in Northern Ireland from 1998 to 2007/ Governance Examination of Fermanagh College of Further and Higher Education | NIA 98/08-09 | 25 March 2009 |
| The Investigation of Suspected Contractor Fraud | NIA103/08-09 | 29 April 2009 |
| The Management of Social Housing Rent Collection and Arrears | NIA 104/08-09 | 6 May 2009 |
| Review of New Deal 25+ | NIA111/08-09 | 13 May 2009 |
| Financial Auditing and Reporting 2007-08 | NIA 115/08-09 | 20 May 2009 |
| General Report on the Health and Social Care Sector in Northern Ireland 2008 | NIA 132/08-09 | 10 June 2009 |
| The Administration and Management of the Disability Living Allowance Reconsideration and Appeals Process | NIA 116/08-09 | 17 June 2009 |
| The Pre-School Education Expansion Programme | NIA 133/08-09 | 19 June 2009 |
| Bringing the SS Nomadic to Belfast – The Acquisition and Restoration of the SS Nomadic | NIA 165/08-09 | 24 June 2009 |
| The Exercise by Local Government Auditors of their functions | – | 30 June 2009 |
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