

SG (CAPO) 79: 2nd MEETING

STEERING GROUP ON THE CIVIL ACTIVITIES OF PARAMILITARY ORGANISATIONS: NOTE OF  
A MEETING IN STORMONT CASTLE AT 10.00 HOURS ON 4 MAY 1979

<u>Present:</u> Mr Hannigan (Chairman)	NIO
Mr Bell (for items 1 and 2)	DOF
Mr Bloomfield	DOE
DCC Johnston	RUC HQ
Brigadier Davis	HQNI
Mr Clift	NIO
Mr Boston (for item 1)	DOF
Mr Gee	NIO
Mr Chalmers	Central Secretariat
Mr Richards	HQNI
Mr Daniell (Secretariat)	NIO
Mr Leach (Secretariat)	NIO

Item 1: Operation of the Licensing Laws

1. Introducing the DOF paper (SG (CAPO) (79)6), Mr Bell noted that the Department and the RUC agreed that there were some grounds for concern that the current operation of the licensing laws permitted "shebeens" with paramilitary associations to obtain licences and function legally. The main cause of this was the lenience of the courts in granting applications despite RUC objections. *The focus of DOF in respect of licence applications was limited to receipt of copies but DOF was scrupulous in carrying out its (mainly administrative) duties in respect of licence applications, and always in the RUC and the courts of any discrepancies.* ~~DOF was scrupulous in carrying out its (mainly administrative) duties in respect of licence applications, and~~ The RUC took pains to object to the granting of licences whenever they saw grounds to do so, subject to the proviso (mentioned in the paper) that occasionally they preferred to allow a dubious club to legalize its operations rather than drive it underground. If the problem of licensed "shebeens" could be attributed to an over-generous exercise of discretion by the courts, the solution was to tighten the legislation which they had to enforce, and the paper listed a number of possible amendments to the existing laws aimed at strengthening the statutory requirements for the granting of licences. DCC Johnston said that he would shortly have full statistics available detailing the cases in which the courts had overruled RUC objections in granting licences. The RUC's task now was more to detect breaches of the law in legal clubs than to find illegal ones: ten legal clubs in Belfast had been raided and closed down for various reasons during 1978.

2. In discussion the following points were made:-

- DOF had only limited responsibilities in respect of the licensing of drinking clubs.*
- (i) ~~The Department of Finance had responsibilities but no powers in respect of the licensing of drinking clubs. It might be possible~~ *It might be possible in considering amending the law to give DOF a special power to*

*require more fully into the financial affairs of clubs. At present DOF in amending the legislation to give DOF a general power of investigation and audit over the financial affairs of clubs which club profits were not similar to that which DOF possessed in respect of companies in receipt of selective financial assistance. (At the moment DOF received only audited accounts, which combined with a lack of resources made it impracticable to seek to trace the ultimate destination of clubs' profits). Licensing was, after all, a privilege and it was reasonable that (as with registered charities) HMG should possess wider powers here than elsewhere.*

- (ii) However, changes in the law could only be a long-term proposition since they would have to await full consideration of the comprehensive report by Mr Blackburn's Inter-Departmental Review Body.
- (iii) Short-term action had therefore to concentrate on making enforcement of the existing law more effective. Improved liaison between DOF, the RUC and Customs and Excise might well yield operational benefits.

3. The Chairman said that action would have to proceed in two stages. First, we should consider whether the courts' apparent over-liberal interpretation of existing law could be rectified. The extent of the problem would be shown in the forthcoming statistics from the RUC, and it could be approached on two fronts. Ways might be found to improve the mechanism of cooperation between the RUC and the other Government Departments and agencies involved with a view to initiating more prosecutions against legal clubs (eg for evasion of VAT). In addition our concern might be expressed in the appropriate quarters, but this would need to be backed up by firm information about the paramilitary links of clubs to which licences had been granted despite RUC objections. (Clubs like the [REDACTED] came to mind, which with only 350 members in a very deprived area purchased some £270,000 worth of liquor in 1976). Licences were supposed to be granted as an auxiliary to the main activities of clubs, and it would be useful to have an indication of how much money dubious clubs actually ploughed back into the facilities which were their chief raison d'être. For example a table tennis club which gave £100 bonuses to its employees but had only a couple of tables would be a good candidate for suspicion.

4. The second stage was tightening up the legislation: this would have to await full consideration of the Blackburn Report. The amendments proposed in the paper were generally acceptable but should be kept under review in the context of Blackburn.

The Chairman said that he would welcome clarification on one point of detail in paper: paragraph 3 listed the "unsuitability" of an officer or committee member of a club as one of the grounds on which the RUC might object to an application, but this criterion was not included in para 4 as one of the "main matters" on which the court had to be satisfied. While there was obviously a difficulty in substantiating paramilitary links in open court, was there a basic incongruity in the legislation on this important point? He would be grateful if for the next meeting of the Steering Group a paper could be prepared by the RUC and DOF in consultation covering this and the other points raised in discussion, ie

- statistics on licences granted despite RUC objections;
- ways of improving liaison between RUC, DOF, Customs, etc;
- one or two "case-studies" drawing together information on dubious clubs which had been granted licences.

## Item 2: Government Contracts

5. Introducing the Contracts Co-ordinating Unit paper (SG (CAPO) (79) 4) Mr Bell recalled that the Steering Group had asked for a report on the feasibility of drawing up an "overt" blacklist of firms who should not receive Government contracts, on the basis of a close scrutiny of their financial position and operating record. (Firms with undesirable connections are often new and under-capitalized). The CCU paper gave a thorough description of the tendering and appraisal procedures currently in use for the various types of public sector contracts: these had been largely successful in recent years in weeding out unsound firms. (In the last three years only 16 contractors had gone bankrupt in the course of 2,500 contracts awarded by DOF, DHSS and DOE). It would be expensive and difficult to intensify existing procedures along a broad front especially since most contractors were not suspected anyway. The paper recommended that the most economical way of meeting the Steering Group's objectives would be to draw up a list of particular firms known to have paramilitary associations: particular scrutiny could then be given to these firms when and if they tendered for contracts. Mr Bloomfield supported the paper, though with the caveat that it might not always be evident when paramilitary links existed: in the building trade it was individual workers who tended to have links (paying a levy from their wages, etc) rather than the employing company.

6. In discussion the Steering Group noted that the proposed system would involve informal high-level contacts with public sector bodies like the Housing Executive and the Area Boards, but it should be possible to ensure that dubious firms did not win contracts in these areas provided that the concentrated scrutiny of their financial and operating record succeeded in throwing up some overt reason for excluding them. Summing up, the Chairman said that he was attracted to the proposal and would like to see from the Secretariat a structure paper explaining how the

**CONFIDENTIAL**

134

scheme would work in practice. Any machinery set up should be responsible to the Steering Group. Other factors might of course need to be taken into account before decisions were made, like the possibility that only firms with paramilitary connections might be able to complete work in certain areas: the Rowland report was relevant here. But at the very least a scheme on these lines ought to preempt any expansion of the civil activities of paramilitaries at the expense of the public sector. The knowledge that such a scheme was being considered should be kept on a tight net.

Item 3: Vetting Procedures

7. Introducing the paper (SG (CAPO) (79) 5) Mr Daniell recalled that at the last meeting concern had been expressed that there were no vetting procedures for ad hoc appointments which did not fall to be scrutinized by the Central Appointments Unit (CAU). He was not personally convinced that a serious problem existed, but insofar as it did his paper recommended that the responsibility of Departments to consult informally at local level (eg with the RUC and area officers) on ad hoc appointments should be stressed. More formalized procedures would probably not justify the effort involved.

8. Mr Gee commented that the Catholic hierarchy, especially Bishop Philbin, often argued that the Government was "falling down" in the appointments it made - not only to ad hoc bodies but to more substantial ones as well. Mr Bloomfield said that it was an error to assume that the Catholic hierarchy spoke for the whole minority population - there was a strong tradition of Catholic lay radicalism which the Bishops found most antipathetic. The Church was vigorous in promoting its own nominees for appointments and Dr Philbin's comments might not be disinterested. DCC Johnston supported this view.

9. In further discussion the Group agreed that the problem of ad hoc appointments was insubstantial. However there was no real vetting of appointments in Categories B and C, since the CAU's function here was essentially administrative. The informal procedures recommended in the paper could well be applied to these categories. DCC Johnston confirmed that the RUC at local level would stand ready to give an opinion (though not a full-scale report) on potential appointees when consulted. The Chairman concluded that the recommended system should be introduced in respect of Category B and C appointments, subject to clarification of Bishop Philbin's remarks and to consideration of the report of the SG (CAPO) Sub-group, which would identify a number of groups, areas and individuals who might be sensitive in the context of public appointments.

## Item 4: [REDACTED]

10. The Chairman noted that the Army had suggested that the [REDACTED] should be looked at by the Group. The paper (SG (CAPO) (79) 7) indicated that although the Association had a strongly Republican ethos, and some individual members were possibly engaged in terrorism, there was no suggestion that the [REDACTED] as a whole supported violence. It had, moreover, a position of some respect in the Republic. Brigadier Davis commented that he had been interested to see that the [REDACTED] was not short of funds. The paper gave some useful background on the Association and he was content that the Steering Group could not take its consideration much further. The Chairman accepted Mr Chalmers' suggestion that the [REDACTED] might be eligible for assessment in the sub-group.

Item 5: Area Studies: Ardoyne

11. Mr Gee reported that the Ardoyne study group had had a further meeting, which suggested that improvement in the area was being maintained. The Group confirmed that no further area studies should be initiated: however, area officers might from time to time be tasked to report on particular local issues.

Item 6: Community Groups

12. Mr Chalmers reported that the sub-group established at the first meeting of SG (CAPO) to consider the scope and significance of paramilitary influence over community groups was now well into its work. It was hoped that a report and recommendations would be ready for the next meeting of the Steering Group.

Item 7: Other Business

13. The Chairman reviewed progress on the work commissioned at the first meeting of the Group (ref Annex to SG (CAPO) (79) 1st). It was noted that we still awaited the LCJ's decision in the test case on the insurance of black taxis. A committee on security at Poleglass had been set up under Mr Davenport. In conclusion the Chairman noted that the Group would aim to meet again in two months.

14. A consolidated list of action in hand is attached as an annex.

J A DANIELL  
S J LEACH  
Secretariat  
Stormont House Annexe  
Extension 202

17 May 1979