



Northern Ireland
Assembly

**PUBLIC ACCOUNTS
COMMITTEE**

**OFFICIAL REPORT
(Hansard)**

**‘Memorandum to the Committee of
Public Accounts from the Comptroller
and Auditor General for Northern
Ireland: Combating Organised Crime’**

22 April 2010

NORTHERN IRELAND ASSEMBLY

PUBLIC ACCOUNTS COMMITTEE

**‘Memorandum to the Committee of Public Accounts from the
Comptroller and Auditor General for Northern Ireland: Combating
Organised Crime’**

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Members present for all or part of the proceedings:

Mr Paul Maskey (Chairperson)
Mr Roy Beggs (Deputy Chairperson)
Lord Browne
Mr John Dallat
Mr David Hilditch
Mr Patsy McGlone
Mr Mitchel McLaughlin
Ms Dawn Purvis
Mr Jim Shannon

Witnesses:

Ms Anne Blacker) Northern Ireland Environment Agency

Ms Fiona Hamill) Department of Finance and Personnel

Mr Drew Harris)
Mr Roy McComb) Police Service of Northern Ireland

Mr Leo O'Reilly) Department of the Environment

Also in Attendance:

Mr Kieran Donnelly) Comptroller and Auditor General

The Chairperson (Mr P Maskey):

I welcome Mr Kieran Donnelly, the Comptroller and Auditor General, who is in attendance with his team from the Audit Office, and I welcome Ms Fiona Hamill, the Treasury Officer of Accounts, from the Department of Finance and Personnel (DFP). I also welcome Lord Browne to his first evidence session of the Public Accounts Committee.

We shall hear evidence on the Audit Office's memorandum and the detailed note on combating organised crime. Do any members wish to express an interest in the matter? All members said that they had no interest to declare; I hoped that that would be the answer.

We are joined by Mr Leo O'Reilly, the accounting officer for the Department of the Environment (DOE), who is here to respond to the Committee's questions. Welcome, Mr O'Reilly. Please introduce your colleague.

Mr Leo O'Reilly (Department of the Environment):

Ms Anne Blacker is head of the environmental crime unit in the Northern Ireland Environment Agency (NIEA).

The Chairperson:

We are also joined again by Assistant Chief Constable Drew Harris from the PSNI. Drew, you are also welcome. Please introduce your colleague.

Mr Drew Harris (Police Service of Northern Ireland):

I am accompanied by Detective Chief Superintendent Roy McComb, who is responsible for the organised crime branch in crime operations, on which I lead.

The Chairperson:

You are both welcome to today's meeting. Ms Fiona Hamill, who is the Treasury Officer of Accounts in the Department of Finance and Personnel, is here to give evidence on behalf of the accounting officer, Stephen Peover, who is out at the moment.

People may think that organised crime, because of its criminal nature, has nothing to do with

public expenditure. However, it is a form of fraud that, as we have seen from the Audit Office's detailed memorandum, goes to the very heart of public finances and the Executive's Programme for Government. Today's session will differ from conventional PAC sessions as it will be more about information gathering. Nonetheless, we will publish a report when we deliberate after today's meeting and reach our findings.

I will pose the first question to Roy McComb. My question will set the scene, and other members will ask questions after that. The Committee needs to get a sense of the scale of the problem, so if we look at table 1 on pages 4 and 5 of the memorandum, we can see that it sets out the main types of organised crime in the North of Ireland and outlines whether those are rising or falling. What is your latest assessment of the steps that the PSNI is taking to assess the harm that is caused by organised crime in the North of Ireland?

Mr Roy McComb (Police Service of Northern Ireland):

The table gives a fair assessment of the spectrum of organised crime. It is fair to say that, by its nature, organised crime is a pretty insidious activity and, therefore, is difficult to measure accurately. Therefore, the assessments in the table are the best that we can make when working in partnership with the other law enforcement bodies that we are involved with.

Although the Police Service leads on a number of matters, such as drugs, extortion and money laundering, we are involved as partners with bodies such as Her Majesty's Revenue and Customs (HMRC), the Serious Organised Crime Agency (SOCA) and the UK Border Agency. The table represents a fair assessment of the nature of organised crime across Northern Ireland at the moment.

I do not feel particularly well qualified to talk about some matters, for example, illegal dumping, but my colleagues will have views on that. However, we work on other matters with the Organised Crime Task Force (OCTF). That work is, in part, how the document came to be compiled. That collaboration and our work with our partners in the Organised Crime Task Force allow us to draw down a lot of information from various people who have different records and different information.

I will go through the areas one by one. I am not terribly well qualified to talk about certain areas, such as oils, because the Police Service does not lead on them and does not have a direct

involvement. We co-operate with Her Majesty's Revenue and Customs, which specialises in that area, and we support it in dealing with fuel evasion and fuel laundering. Those crimes are not independent crimes that operate without having an impact on other parts of the country. It is probably well known to members that fuel laundering leads to a very detailed level of environmental harm, because the procedures that launderers use to clean the fuel to, apparently, make it legal involve the use of acids and corrosive chemicals. They are not disposed of properly and are dumped in the environment. That has a knock-on effect in other parts of the country.

The importation level of contraband cigarettes and counterfeit cigarettes is continuing. The difference is that counterfeit cigarettes are a complete copy of legal cigarettes, whereas contraband cigarettes are simply referred to as "cheap whites", which are, in other words, proper cigarettes that have been brought in from China, Spain or other areas. Alcohol smuggling is not common, but it is often linked to the same people who are involved in cigarette smuggling, because they use the same supply routes to bring the materials into Northern Ireland.

Counterfeiting is a difficult area to tackle. People always think that when they buy an item they simply get a bargain. In fact, counterfeiting is very strongly linked to organised crime, and it supports organised crime. For every fake DVD that a person buys, someone, not necessarily in the UK or Ireland but perhaps in China, is being held against their will and is spending 18 or 20 hours copying CDs. Whenever you buy a CD for £3, you might think that you are getting a bargain, but, in fact, you are helping to continue human exploitation somewhere in the world.

The organised crime branch leads on the investigation of cash-in-transit robberies, which involve attacks on companies that bring money into banks, post offices and the like. We have a close working relationship with the industry, and we collaborate on making it more difficult for criminals to take advantage of the fact that money is constantly moving around the country. Compared with the same period last year, there has been a little increase in the number of cash-in-transit robberies, but a number of investigations into such robberies are ongoing. The armed robbery of post offices has been identified as a problem, and we are doing our best to address the problem through investigations and by working with the Post Office to make its premises more secure.

I take slight issue with the fact that drug-related crime is shown in the table as rising. I am not sure whether that assessment is due to the fact that the memorandum is slightly out of date.

Based on seizures and arrests, our assessment is that drug-related crime is declining slightly. However, I will not put too much of a gloss on that. In certain areas, there is a continuing drugs problem. We do not have the level of drugs problems, especially with heroin, that exist Dublin and other parts of the Republic of Ireland, but there is still growth in what are known as “legal highs”, such as mephedrone and benzylpiperazine (BZP), which are now illegal. Nevertheless, the market for those types of substances has increased.

Human trafficking is slavery by another name, and it should be identified as such. We work alongside the UK Border Agency, and we are part of the Blue Blindfold campaign to highlight the effects of human trafficking in this country. Human trafficking happens, and it is happening in towns and villages around Northern Ireland. It is happening under the watch of people who should be wise enough to see it, but it is not being reported. We are discovering and identifying human trafficking, but it is probable that more of it is happening, so I support the assessment that it is on the rise. However, it is rising from a very low benchmark. By its very nature, it is a difficult crime to measure.

I cannot comment on VAT and IT fraud. Identification theft cuts across the knowledge of the Police Service and other Departments, so I will move on. Money laundering is commonly associated with all the crimes that are listed in the table, because, by its very nature, organised crime is about making money. When people have made money, they have to move it on, so money laundering goes hand in fist with the rest of the crimes that are listed in the table.

Extortion has changed, not so much in numbers but in type. We see less evidence of extortion in the building industry, but we are seeing more of what we refer to as “bad-on-bad” crime, which involves criminals extorting other criminals, or criminals extorting business people who are not in the building trade. We have conducted a number of investigations recently, and a number are ongoing.

I shall defer talking about illegal dumping, tax evasion and social security fraud to colleagues.

The Chairperson:

Thank you, Roy. You have set the scene well for members to ask questions. A lot of information has been gathered, some of which may be sensitive, but cross-departmental and interagency work is about information sharing. For example, I think that you mentioned that the Organised Crime

Task Force worked with Departments such as the Office of the First Minister and deputy First Minister (OFMDFM). Have you attempted to tackle some of those issues by sharing information with other Departments?

Mr McComb:

To set the scene, there are three levels to the Organised Crime Task Force. At the top is the stakeholder group, which will be chaired by the Minister of Justice. The middle tranche is the strategy group, and Mr Harris represents the Police Service on that group, and beneath that is a series of working groups, which focus on individual crime types. For example, there is the criminal finance group, a group that deals with robbery, one that deals with legal matters, and a drugs group. They are bespoke entities. There are a number of key workers at that level. Depending on the nature of the crime that is under investigation, Departments are welcome to attend meetings of the various representation levels at each group. However, it would be more appropriate for those at government level to attend meetings of the higher-level strategy groups.

The Chairperson:

That means that there is scope for information to be shared.

Mr McComb:

Yes, very much so. The strength of the Organised Crime Task Force is that it builds up the relationship between individual law enforcement government bodies or non-law enforcement government bodies that have a common interest. If wide-scale fraud is being perpetrated across the Province, somebody from outside the Police Service, perhaps, will have a handle on it. If that individual or group has an interest in it or a part to play, we want to be involved with them.

The task force allows people to develop relationships, and it allows the building of the trust that is necessary for the proper sharing of information. There are still legal loopholes and proper procedures to be followed, but the first part has been met. We are travelling on the same road, in the same direction and wanting the same thing.

The Chairperson:

Thank you, Roy. I might come back with some questions later, but I will first open the Floor to questions from members.

Mr McGlone:

I want to follow up on what you said about extortion. Extortion methods have developed and evolved over a number of years into organised and sophisticated operations on an all-island basis. There are two elements to that. First, an individual may extort money from a businessperson by going to the person and demanding money, or they would accumulate debts and not pay them. By implication, the perpetrator is asking the victim if they know who they are dealing with. By its nature, that type of activity does not recognise borders and, in many cases, plays on the advantages that a border may offer. Will you indicate the level of enhanced or improved co-operation that exists on an all-island basis and, going wider still, internationally?

Secondly, and following my former point, is there a sufficient level of resources — that may be the wrong phrase — of a sophisticated type to deal with that problem? In many instances, criminals use sophisticated accounting methods, for want of a better term. Are the mechanisms that can be used to penetrate those methods adequate? Such mechanisms could include forensic accounting, for example.

Mr Harris:

I will answer that in the context of the all-island co-operation that exists between the PSNI and An Garda Síochána. An intergovernmental agreement, which was signed in 2002, is the basis on which police co-operation is founded. From that, the Chief Constable and the Garda Commissioner can sign off on memorandums of understanding of how we take joint working forward together. We have very good co-operation with An Garda Síochána. We have worked through memorandums of understanding on intelligence sharing and joint investigations, which involve parallel investigations running in both jurisdictions. Decisions have to be made at critical points as to which jurisdiction is the most appropriate to mount a prosecution, how to manage the evidence flow and how that evidence should be passed from one jurisdiction to another. Decisions also have to be made about sharing information that relates to forensic issues.

There has to be a real willingness to work together and to recognise that some criminals use the border to facilitate crime to evade either jurisdiction. We are actively working to negate that as far as we can. We can do a lot. For example, the week before last, it was announced that, within the next eight weeks, the PSNI and An Garda Síochána would produce a strategic plan of the next steps that we think it would be appropriate to take. There might be some important legislative issues to consider, particularly in the exchange of evidence across the jurisdictions, so

that the process could be speeded up.

Beyond those borders, the Serious and Organised Crime Agency, which is a UK-wide body that has a presence in Northern Ireland, is the agency that we use to go further afield into Europe and beyond. They have law enforcement officers in many other countries, embassies and police services. That is the primary route that we use to take inquiries beyond our jurisdiction. That also involves work with either Europol or Interpol. All those systems are tried and tested, and we have used them successfully, working in close collaboration with law enforcement agencies here, in North America and in the rest of Europe.

In particular, I highlight the point that the co-operation and sharing of information, resources and intelligence between the PSNI and An Garda Síochána has moved on to the next level. Our relationship would be almost closer than that of two shire forces in England. We closely co-operate and are constantly involved with each other.

To address the specialist nature of some of the crime in question, particularly forensic accounting, we can call on the assistance of accounting firms that are qualified to undertake forensic accounting and investigations and then act as our agents in providing and presenting evidence in court. That is a well-trodden path.

We also have our own internal financial investigators. We have invested heavily in that through the incentivisation fund, which is the money that comes back to the service having been seized and confiscated as criminal assets. We have primed the pump so that we can do more of that. We have many specialisms in-house, in the organised crime branch and in each of the districts. Each of our policing districts is able to mount local financial investigations. That is important to us. Although we talk a lot about commodities, the common commodity is cash. If you follow the money, it takes you to all sorts of places, revealing the full extent of the criminal conspiracy.

Mr McGlone:

Are that level of co-operation and those resources shared throughout the island?

Mr Harris:

An Garda Síochána is also equipped with the same resources, but if a cross-border investigation is

involved, we pass across any evidence that we have obtained.

Mr McGlone:

Let us move to another question. Table 1 on pages 4 and 5 of the memorandum shows the number of armed and cash-in-transit robberies, which appears to be pretty steady at the moment. What are the figures for the past three years for the theft of ATMs, which has increased markedly? To what extent are those thefts linked to organised criminal gangs? What advice has been given to the banking sector to minimise the risks of further thefts and losses?

Mr McComb:

I will take those questions in reverse order. The level of co-operation with the industry is good. It was a little slower to start than we would have wished when we were dealing with the most recent thefts of ATMs. Banks are private bodies, and they must consider their own options. However, we engaged with them rapidly on this issue.

Touching wood, I would like to think that as a result of co-operation between law enforcement, the industry and community groups, we are beginning to turn a corner. Until the end of December 2009, there had been 24 thefts of ATMs across the Province. For the most part, they took place in areas that run parallel to the border and were mostly in Counties Fermanagh and Armagh. We had some in southern County Down and some in the middle of the Province. Since then, we have had only three, and by saying “only three”, I do not mean that we are complacent. However, we have operational plans, and we work with the industry to identify the higher-risk ATMs. However, that is based on an assessment rather than on hard evidence. Where we have had clear intelligence about some of these gangs, we have conducted operational activity to try to prevent the robbery and also to catch the gangs.

Therefore, dealing with such thefts is a combination of trying to identify the higher risk ATMs and tackling the groups that are involved in that crime. A number of groups were involved in that type of crime, but they have moved on to other types of crime. I like to think that they have been put off for now, but we should not be complacent.

The banking industry recognises that it has a service to deliver. It does not serve us well if all ATMs are empty at night, because that affects members of the public. Therefore, the removal of ATMs has an impact on the community. However, the banks have worked alongside our crime

prevention officers to identify those ATMs that are considered a higher risk, more vulnerable and at greater risk of being stolen. There has been some operational activity on that.

It is important to say that ATMs can be protected by physical means, and the banks have a responsibility for that. It is about target hardening, that is, making the premises on which the ATMs are located, the plinths and the various surrounding facilities much more difficult to access. That is the responsibility of the banks, and the banks understand that. However, that requires a significant financial investment, and it will take time to complete that process. However, we are working very closely with the banks in the interim period, and we have a dedicated structure in place to try to tackle those thefts.

Mr McGlone:

What advice is the PSNI giving to the banking sector?

Mr McComb:

We are giving advice about the management of the money in the ATMs. Some of the rural ATMs that were targeted appeared to have, from a policing perspective, an inordinate amount of money in them. However, the banking sector has to make that decision because, if an ATM is placed in the middle of a rural area that is quiet at night and where there is no immediate police presence, it is vulnerable. If that machine contains a huge amount of money, it becomes rich pickings for gangs that have the means and wherewithal to tackle it.

Through a process of identifying the higher risk ATMs, various communications have resulted and signs have been put on certain ATMs to say that they are emptied at night or that cash is not available between x and y dates. Therefore, piece by piece, we are trying to reduce the chance of those higher-risk ATMs being stolen. We can provide a policing presence as and when operational circumstances dictate, but that involves collaboration with the banking industry and communities, which can provide the on-the-ground information to prevent the thefts because, ultimately, the community is affected if the ATM is taken and people have no access to a machine for a period of time until it is replaced. The one point I would make is that organised crime is not victimless in any sense. Every piece of organised crime affects somebody in the community to a greater or lesser degree.

Mr McGlone:

I have a question for Mr Harris. Table 1 of the memorandum mentions intellectual property crime and counterfeiting. Has any assessment been done on that, or is it even possible to make an assessment of the annual value of that type of crime? What is the PSNI doing to combat it?

Mr Harris:

Intellectual property crime is, in effect, the copying of any saleable property to produce a counterfeit product. That includes CDs and DVDs, clothing and footwear, cigarettes and alcohol and other high-value items such as handbags, hair-styling irons, make-up, power tools, iPods, Wii systems, Sky remote controls and even toothbrush heads for electric toothbrushes. Any item that sells at a high value in shops can be copied. A huge amount of money can be made from that crime.

The Organised Crime Task Force has issued an overall response to the issue through the campaigns that it commences each Christmas to raise awareness of the problem of counterfeit goods. The packaging of those goods is always of the highest quality, but the product inside is the cheapest of cheap imitations. All the criminal's investment is in the outside packaging, which, when opened, contains a very poor imitation. Therefore, people are spending money and are paying £10 for a pair of shoes that will last only a few weeks and that are produced at little or no cost. There are a number of routes into countering this trade, the first of which is to investigate where the supply comes from. The products are made in other countries. The Far East often features, but goods also originate in Africa and South America. This business is organised. Suppliers are found, transit routes are opened up and a distribution network in Northern Ireland is established. We try to find the distribution networks. Often the best way to do so is to ask who has cash, what does the intelligence tell us, and where is the money flowing?

The products themselves are innocuous: their packaging looks good. We also try to examine the demand for them, through the advertising campaigns. The people who are being defrauded are mostly those on poor incomes. The price of a counterfeit DVD ranges from £3 to £8, but it costs pence to produce. That is a huge mark-up and profit on a very inferior product. The profit used to lie in the mass-movement of DVDs, but, more and more, production is a cottage industry in Northern Ireland and across the island of Ireland. That is where criminals focus their efforts, because the movement of other goods is more difficult.

We also find the involvement not just of locally based criminals but of international criminals in the counterfeiting of power tools. Even chainsaws have been brought into these islands by Italian mafia gangs. These gangs see an opportunity to move a product and make money. We depend on the public reporting, for example, chainsaws being purchased out of a car boot. People have to be alert to that sort of thing. It often happens.

Counterfeit cigarette smuggling is an all-Ireland operation. The criminal gangs will make every effort and use all possible means of entry — all the ports — to import large consignments of cigarettes. They are then brought to a distribution centre to be spread right across Ireland. Huge profits can be made on those. Therefore, there is a lot of cross-border co-operation among PSNI, HMRC and the Office of the Revenue Commissioners in Dublin.

It is impossible to put a figure on the value of the illicit trade. From what we retrieve, we can see the potential of the trade. We know what is needed to produce those counterfeit products. For example, intercepted packages from Hong Kong turned out to contain the pouches for pipe tobacco. We recovered 10,000 tobacco pouches, which were obviously to be filled with the counterfeit product and sold on. Similarly, many thousands of lids for spirit bottles have been recovered, and we have also recovered bottles. From those finds, we know that there is potential for the trade to be huge. However, in view of the scale and the distribution network, it is difficult to quantify. It is, without a doubt, a multi-million-pound operation.

Mr McComb:

Let me add to what Mr Harris has said. It is just not possible to overestimate the dangers that people in the community face due to counterfeiting. Mr Harris mentioned the iPods, which can be bought at a very low price because they are dodgy. We have evidence that some of them have exploded. You can imagine that someone who, perhaps because of the economic downturn, buys a cheap iPod as a present for their child does not know that, when the counterfeit iPod gets to a certain temperature, it will explode.

There are washing powders that are not created by legitimate companies but by huckster markets in the Far East, and they contain all manner of chemicals, some of which are carcinogenic. The risk of washing children's clothes in a carcinogenic substance is obvious. Some razor blades that are assembled could cut the faces off people, never mind cut the hair off their faces. It is very important to recognise the dangers of counterfeiting.

Interestingly, I chair the subcommittee on intellectual property crime as part of the Organised Crime Task Force, and, before Christmas, we conducted an educational advertising campaign that was targeted at males between 18 and 25 in and outside pubs and clubs and in areas where we expected a rich flow of people. The outworkings of that campaign were very interesting, if not a bit disappointing. At the end of the campaign, we conducted a research programme to determine the campaign's impact. The first result was that almost everybody understood the link between buying a cheap product, such as a DVD, and organised crime. However, the second finding was that they would not change their behaviour and would still buy cheaper presents. Therefore, we need to break that connection and emphasise that it is not about making a bit of a saving but about stopping such activity and changing behaviours.

At the moment, it is not illegal for a person to buy counterfeit products. It is only illegal to be involved in their sale and distribution. We do not want to criminalise individuals who make honest mistakes. However, there is no doubt that some people make very unwise decisions. Someone who buys a gift for their child that explodes in their face two or three weeks later has no comeback. I cannot overemphasise the risks that are posed by counterfeit products across Northern Ireland.

Mr Harris mentioned chainsaws. There is something fundamentally wrong when somebody is selling chainsaws from door to door. However, nobody noticed that and wondered whether it was right. No one has ever come to my house to sell chainsaws; it is very much a rural crime. A person with an Italian accent, wearing a leather coat and selling chainsaws should alert somebody.

Mr McGlone:

I will try to follow that. *[Laughter.]* I suppose it depends how close a person lives to a forest.

Table 2 on page 6 of the memorandum says that IT and human trafficking are potential areas of growth for crime. How prevalent is crime in those growth areas, and what are you doing to combat it?

Mr Harris:

I will respond to the point about human trafficking. Roy has already touched on that issue. Three

years ago, Northern Ireland took part in a UK-wide operation known as Operation Pentameter, and we were unable to detect any sign of human trafficking into Northern Ireland. There were instances in Great Britain but none here.

A year later, Operation Pentameter 2 commenced, and we saw our first problem. Indeed, that led to the mounting of Operation Haver, which was conducted between the Garda Síochána and the Police in Wales and which subsequently led to the conviction of a man called Carroll and two of his family members for controlling prostitution and money-laundering offences. We were bitterly disappointed that he was not convicted for human-trafficking offences, although he received very heavy sanctions. However, he was involved in human trafficking. Since then, we have recovered 20 individuals in Northern Ireland who we suspect have been trafficked for the purposes of prostitution, domestic servitude or to work in some form of business. You can see, therefore, that we have a problem.

That problem is replicated right across the island of Ireland, and prostitution, in particular, does not respect our border. It surges backwards and forwards, depending on the need and demand for the services of prostitutes. Moreover, there is the whole issue of advertising such services on the Internet. The issue will surface more and more throughout the coming decade because Northern Ireland and the island of Ireland are seen as prosperous places and are, therefore, targets for organised crime groups.

Northern Ireland is also seen as a good place to come for education and employment opportunities. Therefore, men, women and children are enticed to make the journey to Northern Ireland on the promise of employment, education and a better life than the one that they have in their own country. In particular, such people come from the Far East and sub-Saharan Africa. On arrival here, having been illegally trafficked onto the island, they find that they have to repay what is, in effect, a debt bond by being forced in to prostitution or some sort of servitude. Worryingly, we rescued a juvenile — a person in their early teens — who had been orphaned and was then trafficked to Northern Ireland. You can see how awful a crime that was. The person was orphaned approximately a year ago, only to find themselves in Northern Ireland, in the most dire and grim circumstances.

It is important to point out that that is happening almost under our noses. The brothels are not in places that one might expect them to be. They are in rural areas, among rural communities,

and in city- and town-centre apartment blocks. Indeed, they are being set up in plain sight. After we carry out operations and raid places, neighbours say that they wondered why lots of men were coming and going to and from the premises at all times of the night and day. The answer is obvious: the premises were being run as a brothel. Not all brothels involve the heinous activity of human trafficking. Nevertheless, in almost all cases, there is some element of individual coercion. In such circumstances, the police and other agencies always attempt to intervene in order to support those individuals.

Last year in Northern Ireland, through the Organised Crime Task Force, we funded support for victims who have been retrieved. They are afforded a 40-day reflection period, in which they are given support from voluntary agencies that are paid to provide those services. That safe environment allows victims to gather their thoughts, assess their circumstances — including even finding out where they are — gain an understanding of the support that is open to them, and find out what will happen next in relation to their health, welfare and education. In addition, they become acquainted with the requirements of our policing response and the prosecution process.

The profit that can be made from one prostitute in a year runs to tens of thousands of pounds. Consequently, the flow of money from the prostitution industry is potentially huge, and it requires a money-laundering operation. Our investigations indicate that much of that money leaves our jurisdiction for other countries. Subsequently, through a series of manoeuvres, it is laundered and lost in the international banking system.

We face an insidious threat, but we do not face it on our own. In the first place, it is an all-Ireland issue, but we must also be conscious of the flow of people back and forth across the Irish Sea, so we must co-operate closely with our counterparts in the Serious Organised Crime Agency. Human trafficking is a growing problem, which has moved on significantly since the report was published. Per head of population, we retrieve and rescue victims at the same rate as forces in England and Wales, and our response is entirely in proportion and in step with what is being done in similar areas in England. We cannot say that we have any less of a problem here.

Mr McGlone:

Thank you for that. You said that the wee orphan child who was trafficked into this country was kept in heinous circumstances. What will happen to that child if she was brought from Africa? Will she be deported, and does that mean removing the child from bad to worse? What happens

in those circumstances?

Mr Harris:

No. The United Kingdom has signed a convention to protect the victims of human trafficking. It sets out a series of requirements. The UK Government has exceeded those requirements, and we, in Northern Ireland, have processes in place to support such victims appropriately. A multi-agency approach is taken. That involves social services and other agencies that are properly equipped to look out for the welfare, care and, subsequently, the education of the individual. The question of deportation does not come into it because of the European convention issues.

Mr McComb:

We cannot go into too much detail because the investigation is ongoing. The child became a ward of court, and the Police Service had to seek the permission of the court, through social services, to interview her. The child was orphaned in the middle of last year and was moved through four countries before she arrived in Northern Ireland. When we recovered her, she did not have a clue which country she was in or where she had been, except that she had been moved four times. I emphasise that this is happening under our noses, day by day by day. It is slavery: an obscene criminal activity that happens in a modern, western, democratised country.

Ms Purvis:

I wish to clarify a point. The women and children who are trafficked are not involved in prostitution, because the term “prostitution” suggests a willing exchange of money for services. Those women and children are, rather, forced to commit acts against their will and are, therefore, sexually exploited. I do not like to use the term “prostitution” because it suggests a willing trade, and this is not a willing trade.

Can a punter be charged with an offence of rape if he uses the services of a woman who has been trafficked?

The Chairperson:

Let us hear Roy’s question too, please, and then the witness can answer both questions together.

Mr Beggs:

I have been advised that, despite our own procedures at Aldergrove airport, organised criminals

get around loopholes in the law. In particular, organised gangs know that if a person claims to be under 18, he or she is not detained as an asylum seeker, but goes to foster care or something appropriate to social services. Then, using a contact number provided beforehand, that person, who is over 18 but has been told to say that he or she is under 18, disappears.

Have you figures on the number of people who have used such loopholes in the law? I understand that the authorities in Dublin have wised up to that practice and have put in place procedures to stop it, and, as a result, the supply route now runs through Belfast.

Mr McComb:

Let me address the latter question first. There is no doubt that organised crime always seeks the weak point of any system. The Police Service of Northern Ireland leads on human trafficking. If someone is identified at a port of entry to Northern Ireland, the United Kingdom Border Agency or UK Border Force leads on the identification of whether the person is a legal immigrant entering the country. Where it has information that the person has been trafficked, the Police Service will step in and take action regardless of age.

Mr Beggs:

However, the person will not willingly say that he or she has been trafficked.

Mr McComb:

That is where the professional judgement of people at the ports comes in. For the most part, people who have been trafficked arrive at ports without documentation. They arrive with a very vague story. Any one of us who comes through a port must answer questions on where we have been, where we travelled to and who we are meeting, etc. Therefore, the professionalism of UK Border Agency staff when they speak to and challenge people leads them to assess whether someone has been trafficked. I completely agree that the organised criminal gangs will always try to get around a system. I have no evidence that what you have described is a wide-scale practice, but I would not rule out the possibility of it happening. The police do not control the border around points of entry; that is for another agency, and it might be better placed to see human trafficking. However, when there is evidence of trafficking, the police will investigate.

In respect of Ms Purvis's point, I completely accept that, if someone has been trafficked, the issue of consent does not arise. It is statutory rape; there is no doubt about that. However, there

is evidence that people engage in prostitution when there is no suggestion of human trafficking. It is a mixed economy. However, I completely support the view that the problem is one of sexual exploitation. It is a double exploitation of people's liberty, because they are taken from their homes and moved across countries, and consent does not come into it; it is purely rape.

Mr Harris:

Prosecution for that crime may be difficult. There are proposals to create a new statute, which would make it an offence for someone to pay for sex with a person whom they believe to have been trafficked or to be under some form of duress. That is important, because we know that — for want of a better term — “punters” have paid for sex, have been introduced to the individual and then declined to have sex with them because they have been worried about the age or state of the individual. They could recognise straight away that the person was in distress. However, that is almost a one-off story. Other punters are ignoring those signs, and the criminal law will catch up with that quite soon.

It is important we do not have an environment here that allows loopholes to be opened up as regards that form of serious crime. Trafficking is, in effect, a form of slavery, and the police must have open to them every avenue to prosecute those who organise it and who benefit from the funds, as well as those who are wilfully blind to it. It is important to get the message out because it is almost certain that those crimes are currently happening somewhere in Northern Ireland and that people have suspicions that they are happening.

Mr Hilditch:

I have a couple of questions for Ms Hamill. Paragraph 1.6.32, which is on page 16 of the detailed note, recommends that Northern Ireland Departments put in place arrangements to tap into strategic information that is held by bodies such as SOCA and the PSNI. Given DFP's role in relation to fraud and protecting the public purse, what steps has it taken to co-ordinate the implementation of those worthwhile recommendations?

Ms Hamill:

Is that in relation to money laundering?

Mr Hilditch:

Yes; it makes recommendations such as the introduction of officers to deal with money

laundering and various things like that.

Ms Hamill:

On the introduction of the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007, DFP alerted accounting officers to their responsibilities when they are carrying out relevant business and if they think that they have a matter of potential concern. Moreover, the issue of money laundering is discussed at the fraud forum reasonably regularly. Most recently, in June 2009, the fraud forum received a presentation from the PSNI's economic crime bureau.

Most Departments handle minimal amounts of money. Those that do handle money have clear policies and clear guidance on how their staff should respond, for example, when people come to Translink with large amounts of cash to book coaches for societies, and Departments are clear about their requirements to report any receipt over £1,000. That guidance is currently in place.

Mr Hilditch:

The same paragraph sets out the arrangements for reporting suspicions of money laundering. How well do those arrangements work in practice, and are you aware of how many public bodies have appointed money-laundering reporting officers?

Ms Hamill:

I do not have those exact figures.

Mr Hilditch:

Are they obtainable?

Ms Hamill:

They are obtainable. Only three Departments indicated to me in advance of today's hearing that they receive large amounts of money reasonably frequently. They all understand their responsibility to report significant receipts. Furthermore, the Departments' external auditors have responsibilities under the legislation, and we have not been advised by them of any risks. However, I will get those figures for the Committee.

Mr Hilditch:

I appreciate that.

The Chairperson:

It would be useful to have that information.

Mr Shannon:

Ladies and gentlemen, it is good to see you here. Today's subject matter is very sobering, and some of the issues that we have heard about so far are quite disturbing.

Assistant Chief Constable Harris, is it fair to say that all counterfeit goods originate in China? We have heard about modern technology and the fact that some computer firms have withdrawn services from China. We are aware that people can make counterfeit goods there and bring them here. Is anything being done at a higher level between the Governments? I know that it is not always easy to deal with China on many issues, but is it possible to increase co-ordination between the police forces on counterfeiting?

Mr Harris:

It is not entirely fair to place all the blame on China. It is, undoubtedly, one country where counterfeit products are made, but the problem extends to Africa and South America. The criminal gangs operate a business and, therefore, always aim to find the cheapest place to make products at any given time.

Our experience of working with the authorities in China has been very good, and we have received every possible assistance and practical co-operation from them on any investigation. Because of its international element, that co-operation is conducted through the Serious Organised Crime Agency. I am not sure what happens between the Governments, but, on law enforcement, we receive assistance from the embassy in London and, subsequently, from the regions that we deal with in China. The Chinese authorities have always been very positive and forthcoming with all the practical assistance that one could reasonably expect.

Mr Shannon:

I am encouraged to hear that good news. My questions are for Fiona, and they follow on from David Hilditch's questions.

I am concerned that the nature of modern technology means that scams can take place that can involve those who are looking for another way to con the public and make them pay for something inferior. Paragraph 1.17, which is on pages 21 and 22 of the detailed note from the Northern Ireland Audit Office, refers to new areas into which organised crime is moving and, in particular, the exploitation of information technology.

What steps has the Northern Ireland Civil Service taken to address that, or to ensure that its IT systems, those of the public bodies for which it is responsible and those of firms that provide services to the public sector, are protected against identity theft? From what I am told, that is clearly an important issue. What is the Department doing about that?

Ms Hamill:

I can answer for the NICS, but I should say up front that I cannot speak about the IT policies applied by other public bodies. I hope that the IT policies of those bodies reflect the standards of the NICS, but I will have to come back to the Committee on that.

What we call the information assurance policy of the Northern Ireland Civil Service is in line with the national UK information assurance policy. UK Government policy on the security of data and information systems is set at a national level.

The definition of data assurance is that we have to be confident that the information systems will protect the information that they handle, functioning as they need to, when they need to and under the control of legitimate users. Below that a comprehensive set of rules and recommendations has been established on IT vetting, how IT systems must be built from a security point of view and how they must be accredited before they join networks. They must be accredited in Departments, before one system joins the main network and both networks join the NICS backbone and the public service network.

Very formal rules exist that ensure that breaches of classified data or electronic attack, such as hacking attempts and viruses, must be reported nationally, not just locally. Increasingly, cryptography is used, as are encrypted laptops and IronKey security. Across the NICS, the kind of actions that are being taken include the roll-out of encrypted laptops to staff and the use of encrypted media devices for the transfer of media so that any data transfer is done securely. At

the same time, online data awareness among staff is promoted. Senior information-risk officers are appointed for any system that holds important data. There are board-level reporting mechanisms, and accounting officers are personally responsible and report on their arrangements in their statements of internal control.

Mr Shannon:

My second question is about the one thing that you did not mention in your response, so it is probably a good time to discuss it now. How many laptops, notebooks or BlackBerrys have been lost or stolen from the Department over the past three years? In your response, you outlined what preventative measures are taken. However, if such machines are stolen, lost or inadvertently misplaced, or whatever way you want to describe it, access to them is available to criminals. How many of those lost contained data that are useful to organised criminals?

Ms Hamill:

I apologise. I tried to get that information for this meeting; it was being gathered for me, but it was incomplete. I will provide it to the Committee. There have been a number of instances, some of them well publicised, where stolen laptops held personal data. I will gather that information and send it on to the Committee.

Mr Shannon:

I will not labour the point, but I asked because we have heard about lots of incidents, mostly on the UK mainland, involving officials leaving laptops, BlackBerrys or notebooks on the train. Somebody then finds the device and the information that it contains. Do those who have responsibility for such equipment realise just how important it is? It is not something that one just walks away from and forgets about. Is that point underlined regularly?

Ms Hamill:

The point is underlined and reinforced heavily. In fact, before I left the office today, an official DFP reminder was circulated stating that although 93% of DFP staff have completed the required information security training, a small subsection have yet to do it. Those people will be identified formally to their line managers to ensure that they complete that training by 30 April. Staff understand the security risk that is associated with assets such as laptops and BlackBerrys. Password protection is maintained at the highest level possible, particularly now that laptops come with IronKey encryption. One piece of equipment will not work in isolation from the other.

If a laptop is lost without its encrypted IronKey, it will not work, and vice versa for information that is on a lost IronKey. Nonetheless, there are cases in which a laptop or BlackBerry has been lost with its IronKey. I will gather information about that for you.

Mr Shannon:

Will you also indicate what disciplinary action, if any, has been taken against those who have lost, misplaced or inadvertently set aside a laptop, notebook or BlackBerry?

Ms Hamill:

Yes.

Mr McLaughlin:

My questions are for Mr O'Reilly. I had to give up my opportunity to question the PSNI, but you are very welcome. That is a first-time experience for me.

Mr O'Reilly, paragraphs 2.2.1 to 2.2.10 of the detailed note deal with the serious issue of illegal dumping. My first question has a number of parts and is quite detailed, so I suggest that you consider replying to the Committee in writing. We would like your latest assessment of the extent of the problem, setting out, for example, how many sites we are talking about, where they are located, what is the estimated tonnage of waste in them and where the waste originated. Although the report acknowledges that illegal dumping is an all-island problem, involving mainly cross-border domestic waste, is there any experience of waste being imported from outside the island of Ireland? Finally, how much tax revenue is being lost each year? If you have not managed to take a note of all that, to enable you to reply, we can write to you about it. We want your up-to-date assessment. Is that OK?

Mr O'Reilly:

Yes. Do you want me to respond now?

Mr McLaughlin:

You may want to say something now.

Mr O'Reilly:

I shall give you a brief preliminary answer, but we will provide you with written information as

requested. The report is relatively up to date about the extent of the problem, particularly where illegal waste imports are concerned. The situation in Northern Ireland was particularly bad a few years ago, resulting in the identification of 20 illegal waste sites, which we estimate hold between 250,000 to 300,000 tons of waste and possibly include some of the subsoil that has been affected. Those 20 sites are located throughout Northern Ireland. I shall get back to you with the estimated lost tax revenue. We have, however, identified the cost over the next five years of cleaning up just those 20 sites, and it is a significant figure.

Mr McLaughlin:

I was going to discuss that.

Mr O'Reilly:

It will run to some £85 million. That figure alone, covering a series of events that occurred over a couple of years, gives you an idea of the extent of the problem. As identified, it is an all-Ireland problem, and we can come back to discuss the reasons for that. However, the bags that contained waste that have been found here have been identified as coming from elsewhere on the island. Anne Blacker will elaborate on Ireland and Northern Ireland receiving waste from elsewhere.

Ms Anne Blacker (Northern Ireland Environment Agency):

In the time that I have been involved in this matter, I am not aware that there has ever been a significant issue about waste being illegally imported into Northern Ireland to the extent that we have needed to take enforcement action. However, we will provide the Committee with some more detail on that issue.

Mr McLaughlin:

The cost and tax differentials on the island provide the rationale for such activity. That is why we are at the receiving end.

Mr O'Reilly:

It does to an extent. I would highlight a couple of important points. There was, and remains, a differential in the landfill levy — what we here call the landfill tax — of £18 a ton: it costs £30 in the South and £48 here. However, it is important to distinguish between that differential and those in, for example, diesel revenues, which, because of the differential between taxes that are charged on red or green diesel and white diesel, significantly drive fuel laundering.

Nevertheless, we do not think that the tax differential as such is a major driver, because the individuals who are involved will not pay tax, regardless of where they dump the stuff. The idea is to get rid of the waste without paying landfill tax or any of the other charges that are now associated with its legal disposal. The incentive is to dispose of the waste in an illegal site without having to pay any of the charges that would be applied by, for example, a council here in Northern Ireland if the waste were being disposed of legally.

I will ask Anne Blacker to supplement my second key point, which concerns the different arrangements North and South for the disposal of biodegradable municipal waste — in other words, our domestic waste. In Northern Ireland, waste is managed and disposed of through district councils; there is no private sector involvement in that process. There is no incentive for the driver of a bin lorry in Coleraine to take that waste to an illegal site, because doing so is of no benefit to him or her. In the South, however, one of the incentives is that private companies often manage the disposal of biodegradable municipal waste; therefore, there is a greater potential or incentive for that waste to find its way to places other than legal landfill sites.

Ms Blacker:

The broad, historic situation is that there has been disposal of municipal waste, which is the type that we all put in our bins, from the Republic of Ireland in Northern Ireland. There has been and is significant illegal disposal and treatment of waste that is produced in Northern Ireland. As Mr O'Reilly said, because of the way that it is collected and controlled, that does not include our municipal waste.

Illegal practices feature heavily in construction, demolition and excavation waste. The environmental impact of both is serious, but that is probably best known as being the case for the municipal waste, which looks bad and has a bad odour. However, construction and demolition material, which includes wood, plastics, building chemicals and so on, also breaks down, releasing polluting liquids and gases.

There is also an economic impact, particularly on the legitimate Northern Ireland waste industry, which regularly complains to us about its being outcompeted by the undercutting activities of those in the illegal trade, who do not face the same costs.

The driver for that in both parts of the island appears to be that European legislation means that dealing with waste legally — by recycling or landfill — is becoming a very costly business that creates a driver for organised crime to find, as our PSNI colleagues said, a chance to make relatively easy money.

Mr McLaughlin:

Thank you; that is very helpful.

I see from paragraph 2.26 of the detailed note that the Environment Agency has received almost 7,000 reports since December 2003 about suspicious activity and illegal sites. Apart from those, what other intelligence systems does the agency deploy to identify potential sites?

Ms Blacker:

The agency gets information from a range of sources, including those from industry, PSNI colleagues and other law enforcement agencies. To manage all that, the agency has recently invested in an intelligence management system for the environmental crime unit. That system is the same that most police forces in the UK utilise. As you can imagine, with over 6,000 pieces of information, it is quite difficult to get a mental picture of what is a very complex illegal trade. The system will allow the unit not only to store the information but to analyse it and target its resources on the most serious offences, the repeat offenders and those who are involved in several different illegal operations. Returning to some of the earlier questions, that database is confidential, as the information on it is very sensitive. However, the agency is content that it is being adequately looked after in the Department.

Mr McLaughlin:

Has the agency carried out a formal risk assessment about the type of sites that are most likely to be used for illegal dumping? Are routine checks carried out on, for example, old quarries to ascertain what type of dumping may have been carried out?

Ms Blacker:

That has not been done in such a structured manner. The expertise that has been built up in the unit is sufficient to predict to an extent where likely risks exist.

As our PSNI colleagues explained, because the activity is covert, it is difficult to carry out a

scientific analysis and predict where the dumping might be occurring. We have been involved in various projects to use satellite imagery to identify areas where illegal waste has been deposited, and we have had varying rates of success with that. We are collaborating with the European Space Agency on a project to use satellite imagery. We hope that that will help us to identify illegal sites that are still or have been operating and that we will then be able to take action.

Mr McLaughlin:

That sounds quite significant and comprehensive. Of the illegal sites that have been discovered, is there any evidence that disused quarries have a particular attraction?

Ms Blacker:

Disused quarries and agricultural land that is of poor value, such as wetlands and rough grazing areas, are commonly used sites. Abandoned and worked out quarries can also be included in that.

Mr McLaughlin:

I suppose that there will always be resource issues, but are you content that you have sufficient resources?

Ms Blacker:

The extent of the problem is such that I will probably never be content enough to say that I have sufficient resources. However, we are moving towards an intelligence-based approach to dealing with illegal dumping, and although activity to date has focused on the after-effects of the dumping, it is hoped that we will now be able to focus on those who are organising the activity. That means that our resources will be targeted more effectively.

Mr O'Reilly:

The issue of resources obviously comes to me. There are different levels of resources, and human beings are important in the work. The unit currently consists of 24 investigative staff. The need for a further 14 members of staff was identified some time ago, and the Department is in the process of recruiting those staff members now.

The second level of resource is the skills that those people have, and, in the past, the unit has invested quite heavily in training those individuals. In fact, the Police Service provides that training. That recruitment and training are on the plus side, but on the minus side, it takes time to

skill people up to do that work. Indeed, some people say that it can be up to five years before someone is fully skilled as an investigator.

The third level of resource, as Anne mentioned, is IT-type support and backup. Anne's assessment is fair, and she is right to say that she will never be satisfied and will always like more resources.

Mr McLaughlin:

You mentioned quite a frightening figure for clear-up costs. Paragraph 2.2.7 of the detailed note tells us that, in some individual circumstances, it can cost tens of millions of pounds. Why is it so expensive, and has any waste been found to be toxic?

Ms Blacker:

The word "toxic" is a very broad term, and we all probably automatically think of a bottle that illustrates a skull and crossbones to signify immediately that the product is poisonous. Waste that breaks down when it is placed in a landfill site produces polluting material that has the potential to cause environmental damage. Therefore, in the broadest possible terms, the result of waste being illegally infilled without the proper controls is toxic.

Mr McLaughlin:

Could we have some detail on that for our report? It might be of assistance to people who read the report to enable them to recognise the difference between their understanding of the word "toxic" — something like the Teenage Mutant Ninja Turtles idea — and its true meaning. However, I am sure that people do not completely understand the insidious part that you described.

Ms Blacker:

Part of the problem is that, unlike the situation with an ordinary, traditional pollution incident, waste continues to break down for decades. Therefore, the situation involves not merely one awful incident that is over and gone but rather an insidious release of materials. It costs so much to deal with that, because legal land filling, which comprises the main chunk of the cost, is very expensive. The government drive is to divert waste from landfill sites and to recycle and reuse it.

Unfortunately, the waste that we are talking about has reached the stage where nothing can be

done with it, except to dispose of it in a landfill site. That costs money. Moreover, the material breaks down and releases pollutants, and the engineering of its physical removal costs money. We need to consider what vehicles can be used to transport the waste to ensure that we do not worsen the problem. That all adds to the cost. As far as we can establish, the average landfill cost in Northern Ireland for what is legally referred to as “non-hazardous waste”, which is bin-type waste, is about £75 a ton. Therefore, it does not take a significant amount of waste to result in a significant cost. At some sites, there are 20,000 or 30,000 tons of waste, and that will have contaminated a volume of the land underneath and around it. Therefore, a bigger volume of material than the original waste must be treated as waste.

Mr McLaughlin:

Will you come back to us with figures on how much you have spent to date on clear-up costs and how much you expect to spend to clear up the sites that you have identified? How many of those sites have clear-up bills that are over £1 million? That information is important to our report.

Mr Beggs:

My questions are to Mr O'Reilly and follow on from the previous questions. Paragraph 2.2.7 of the detailed note shows that the Northern Ireland Environment Agency has had some success with prosecutions and has achieved some 60 convictions with fines that total £275,000. However, you gave us figures of 200,000 to 300,000 tons and said that the landfill tax down South can be €200 or €300 a ton. Have I picked that up wrong?

Ms Blacker:

There might be a slight mistype in the report. The landfill levy in the Republic is, I think, now €30 a ton.

Mr Beggs:

I was referring to the report.

Ms Blacker:

In its heyday, and when that report was produced, the landfill cost in the Republic was €250 to €300 a ton.

Mr Beggs:

Thank you for that correction. However, even at that figure, 200,000 tons at €20 a ton creates an immense profit compared with the size of the fines. What is the probability of organised criminals being caught and profiteering from waste? Are the fines sufficient to deter them? Do you have any sense of that situation at the moment?

Mr O'Reilly:

If we translate fines into penalties for waste-related crimes, there are what we would understand to be conventional fines. In the six years from 2003 and 2009, the agency secured fines in excess of £1 million against offenders, and, in the past 12 months, it secured fines totalling £149,000.

However, I contrast that figure with the amount of money that the Environment Agency, with the support of the Serious Organised Crime Agency, has been able to secure in confiscation orders. That comes to almost £1.3 million over the past three years. That highlights that we can approach the matter conventionally through the courts and through fines. However, a method that is equally effective, if not more so, is the use of confiscation orders. Where a case has been taken successfully through the Crown Court, the agency can pursue a confiscation order. This is ultimately an economic crime, and there are assets to be gained.

Another form of penalty is the ability to stop and seize the vehicles that are suspected of carrying illegal waste. The agency has taken recent actions in that respect and has been successful in establishing its legal authority in the courts. Where it suspects that vehicles are being used for illegal purposes, it can impound the vehicles concerned, pending investigation. The Waste and Contaminated Land (Amendment) Bill, which is currently before the Assembly, further seeks to confirm the capacity of the agency to confiscate vehicles in such circumstances.

Mr Beggs:

I am very conscious of the Waste and Contaminated Land (Amendment) Bill. However, as I understand it, an Order was passed three years ago that would have enabled you to bring forward such legislation. Why has it taken three years to introduce this legislation, which will ensure that you can take a more proactive approach to seizing vehicles?

Mr O'Reilly:

A power was included in the 1997 Order —

Ms Blacker:

The Waste (Amendment) (Northern Ireland) Order 2007 gave us some power to deal with vehicles. We want the most effective outcome. The Department wants such activity to be deterred to such an extent that it stops, and, rather than examining and giving back a vehicle once it has been seized, the Department wants to retain that vehicle until there is an outcome from the courts. To ensure that the legislation adequately covered that situation, that element was included in the new amendment Order to make it a good and strong power.

Mr Beggs:

Are you saying that the Waste and Contaminated Land (Northern Ireland) Order 1997 was not sufficiently strong? Why did it take three years —

Ms Blacker:

I am sorry; you may have misheard me. The amendment Order of 2007 introduced powers to deal with vehicles, and those powers are now to be amended.

Mr Beggs:

I see.

Mr O'Reilly:

Whenever the agency has used such powers, it has been subject to strong legal challenge from the individuals who are affected. Recently, the Court of Appeal made a judgement in the agency's favour. However, that came after a prolonged period of dispute and processing that appeal through the courts. A case had been taken against the agency in the first instance, and the agency was unsuccessful. However, we took it to the Court of Appeal, and we were more successful in establishing the agency's right to seize, retain and impound vehicles that are used for transportation of illegal waste.

Mr Beggs:

Are you satisfied that you now have sufficient powers to deal with the matter? Have there been instances of re-offending? Do you think that the cumulative power of the law is now sufficient to

deal with the problem, or are the profits still encouraging organised criminals to become repeat offenders?

Ms Blacker:

Yes and no. The organised crime that is involved in illegal dumping is very dynamic, and as the agency gets better legislation and becomes more sophisticated, so too will organised crime, because there are profits to be had. The agency has worked very closely with its policy colleagues on both pieces of legislation to make them as strong as possible, but, apropos Mr O'Reilly's comments, the profits are so high in illegal dumping that those involved can afford the best legal representation and will challenge every action that the agency takes. However, the only way to test the legislation is through that process.

Mr Beggs:

Assistant Chief Constable Harris, the cost of clearing illegal waste will fall, ultimately, to the ratepayers or will be paid for from Northern Ireland's block grant. Are you confident that there is sufficient public support in the reporting of the illegal movement of vehicles? I have done some calculations, and some 8,000 lorries are involved in dumping illegal waste, which would comprise a very large volume of heavy-goods vehicles on isolated rural roads. One would think that someone must see it.

Mr Harris:

It probably is seen. However, because of the large amount of heavy-goods traffic around Northern Ireland, I am not sure that people draw the conclusion that those lorries are being used for illegal dumping. You could say the same thing about laundered fuel that is transported in curtain-sided lorries, yet we very rarely receive reports of suspicious movement.

Recently, and in response to the report, the PSNI has worked out a memorandum of understanding, which allows the police to share information on organised crime with Anne Blacker and her team. I hope that that arrangement is working well.

Part of the problem is that the criminals do not have job descriptions. The dumping of illegal waste is where the money is at the moment. However, at another time, it will be in something else, and those involved in it are also involved in the movement of high-value plant equipment or laundered fuel. Therefore, they are very much targets for the police, and we do anything that we

can as regards collaborative enforcement action.

Mr Beggs:

It is important that the public makes the connection between organised crime and illegal waste. The public must bear the cost, and it is in the public's interest to co-operate and report suspicious activities.

Mr O'Reilly, I also see from paragraph 2.2.7 of the detailed note that the Northern Ireland Environment Agency has financial investigators in addition to the organised crime branch in the police and SOCA. Why did you feel it necessary to appoint your own financial investigators? Have you assessed whether they are a worthwhile asset, or are you providing a duplication of services?

Mr O'Reilly:

The Department is not providing a duplication of services. As I explained before, the financial investigation of the proceeds and assets that flow from criminal activity is the most effective way of deterring it in the future. Benefit can certainly be derived from that with regard to serious and organised crime, and that is the main reason why the Department has trained its support staff in that area.

In an ideal world, there would be adequate and sufficient resources everywhere to deal with all aspects of those problems. The Department felt that there was scope to use financial intelligence officers to investigate the benefits accrued from illegal waste, in addition to prosecuting people for waste crime per se, or for transport infringements for moving the waste around. We felt that we had to add a further strand to our activities.

Ms Blacker:

The NIEA, under the Department of the Environment, is one of the organisations to which the Proceeds of Crime Act 2002 gives the power to conduct financial investigations into money laundering and to confiscate assets. As we have said, the scale of the problem is such that nearly every piece of waste crime, whether or not it is regarded as organised crime, involves financial benefit. Our workload in that area is sufficient to merit its own staff. To date, our successes confirm that, as we had hoped, that is an effective tool for depriving criminals of any benefit and for deterring others.

We no longer find that landowners are willing to take loads of waste from the Republic of Ireland on to their sites. That is not to say that the criminals involved are not going somewhere else or doing something different, but I believe that our use of the powers granted under the Proceeds of Crime Act 2002 has helped to radically reduce people's willingness to become involved in that criminality.

Mr Beggs:

Where do the proceeds from assets that are confiscated by your officers go? Do they go back to the Department for reinvestment or to the Treasury? What happens to them?

Ms Blacker:

When there is a criminal conviction in the Crown Court for an offence for which the penalty can be acquisition, we can ask the court to allow us to carry out a financial investigation and, subsequently, to impose a confiscation order. Once that order is imposed, the convicted person has a time limit in which to pay. The person pays the Home Office, and 20% of the value of that order comes back to NIEA through the incentivisation scheme to which we have already referred. We can direct that money into the prevention and detection of crime.

Mr Beggs:

I come back to the fact that the NIEA has its investigative officers and the police have theirs. Is that a sign that the agency attaches a higher priority for investment in that area than the police do and that the level of investigation that you wanted was not being provided? Why does NIEA not just leave investigations to the police?

Ms Blacker:

The Department must acknowledge that the criminal activity is being carried out under a regulatory regime for which it is the enforcement authority. Therefore, we are obliged to deal with it as part of our regulatory and enforcement role. In fact, the PSNI is carrying out some confiscation investigations because we do not have enough staff to deal with the number of investigations that we would like. Our staff are shadowing the police investigations, and we are grateful for that assistance.

Mr Beggs:

Finally, how soon do you think you will have additional powers to search and seize and impose clean-up costs?

Ms Blacker:

Is that a reference to the new Order that we anticipate?

Mr Beggs:

Yes.

Ms Blacker:

To my knowledge, that should be in place early in 2011. The various powers will then come into play via commencement Orders.

Mr Beggs:

Why does it take so long? Everything seems to take so, so long.

Ms Blacker:

I am not an expert, but I think that the legislative process imposes requirements that cannot be pressed.

Ms Purvis:

Assistant Chief Constable Harris, since the extortion helpline that was established in 2007, how many people have contacted it? As a result, how many people have been charged and, more importantly, prosecuted?

Mr Harris:

I do not have exact figures for the use of the helpline. However, we sense that the targeting of the construction industry by those involved in the crime has diminished. We have a 100% conviction rate for the cases that we have taken on. We have been very successful. In the 2009-2010 financial year there were only 10 arrests compared with 18 in the previous year. That is not to say that the crime has gone away; it has changed shape as these things sometimes do. We now find that people who are involved in other illegal activity, such as drug dealing, find themselves subject to extortion or "tiger" kidnapping. That is sometimes known as "bad-on-bad" crime, and

it can involve extreme violence, including murder. We are very concerned about that development. There has not been a homicide here, but a symptom of that sort of criminality is that it continues to ratchet up until extreme violence is meted out.

We are anxious about how to respond and target the gangs that are involved. They pretty much comprise the same individuals who engage in other violent crimes such as cash-in-transit robberies and “tiger” kidnap offences. The problem of extortion still exists but not so much against the traditional targets in the construction industry. The profits from that industry tend to be slow-burning. The gangs are far more interested in cash-in-transit robberies, “tiger” kidnaps and the “bad-on-bad” activity that generates an immediate windfall of tens of thousands of pounds. The crimes and the mindset have changed.

Ms Purvis:

It is unlikely that the individuals who engage in the “bad-on-bad” activity that you referred to will even use the helpline.

Mr Harris:

No. *[Laughter.]*

Mr McComb:

They might ring to report that their drug money has been stolen.

Ms Purvis:

They might squeal on themselves. Is there any evidence to suggest a growth in extortion among ethnic minority communities? If so, what can be done to encourage reporting of that?

Mr McComb:

The short answer is yes. We have encountered extortion of members of the newer, non-indigenous communities, not necessarily because of their background but because many of them are involved in catering businesses and have been targeted because of that. However, there is also evidence that communities are attacking each other. They have brought an understanding and culture from other parts of Europe where that behaviour is much more common, and they are willing to tackle members of their own community and extort considerable sums of money from them.

We are considering the introduction of an outreach programme whereby we will translate appeals for information into different languages to show those communities that we take the issue seriously and that victims do not have to wait in silence. We have had some success recently and have had the full support of the people from newer communities who had been targeted. However, that success did not come through the extortion helpline. Despite our advertisement of that helpline time and time again, it has not reached the tipping point where there has been a groundswell of information. We still receive reports but not necessarily through the extortion helpline.

Ms Purvis:

Given that you are looking at other methods, is the extortion helpline a bit redundant now?

Mr McComb:

It may have served its purpose. However, I am always keen to find other ways to tap into hidden crime. Organised crime, by its nature, exists beneath the surface, and we need to work as hard as possible to tap into those deep wells of information. In response to the primary point about newer communities, we must ensure that people who arrive in Northern Ireland feel confident enough to phone the Police Service to report a crime and ask for help. That, perhaps, is not their experience in other countries.

Ms Purvis:

I want to ask Fiona a follow-up question. Bearing in mind what Mr McComb and Mr Harris have said about the decline in extortion in the construction industry, I notice that paragraph 2.2.16 mentions the model that was adopted and the appointment of construction contract monitors for public contracts. What overall impact has that scheme had, and is there any evidence that the appointment of monitors has simply moved the problem to other contracts or areas?

Ms Hamill:

I cannot advise the Committee about displacement. The construction contract monitoring scheme responds to intelligence from the PSNI about specific risks in a geographical area or to a particular contract. The scheme allows for the introduction of a construction contract monitor to watch the project and look for evidence of organised criminal activity and to report such activity, if identified, to the appropriate authority.

Ms Purvis:

Has DFP measured the impact of the scheme?

Ms Hamill:

The scheme is only a pilot. It is the second iteration in a pilot exercise. The scheme is running in only a small number of contracts. To date, we have found one instance of issues around waste disposal. We have not seen anything in the other contracts, probably because once the gangs involved in organised crime become aware that their operation is being monitored, they move away.

Ms Purvis:

They become displaced.

Ms Hamill:

Yes.

Ms Purvis:

Paragraph 2.2.17 states that construction contract monitors can be expensive and that Departments may not use them because of that. Does DFP require that all business cases for capital projects consider the arguments for and against, and the costs of, appointing a monitor? Does DFP accept that those costs are legitimate, or does it consider the arguments on individual risk-assessment basis?

Ms Hamill:

DFP requires that all construction contracts from August 2007 include enabling clauses for the appointment a construction contract monitor. That is a requirement, so the ability to appoint a monitor exists. As I said, the decision to appoint a monitor is based on intelligence that the construction contract monitoring steering group receives.

There are issues about the funding. It can cost hundreds of thousands of pounds to have a construction monitor in place for the duration of a contract, and the costs may not necessarily be proportionate to the size of the contract; it is to do with the identified risk. The construction contract monitoring process is in its pilot stage and is under review. The steering group wishes

to raise with the procurement board the issue of costs and how those are funded.

Ms Purvis:

When the pilot is complete, may the Committee see an assessment of it?

Ms Hamill:

Certainly.

Ms Purvis:

Paragraph 20 of the memorandum deals with briefing and co-ordination. How is DFP briefed on the work of the Organised Crime Task Force and the interdepartmental working group?

Ms Hamill:

DFP's role in tackling organised crime is to set the ground rules for the administration of public money and to provide advice and guidance to Departments about that. We have taken a clear lead on some matters relating to organised crime, such as fraud, which we talked about today, whistle-blowing policies in public bodies, and IT security, which we also talked about. We have also taken the lead where there was an appropriate requirement for legislation. DFP also holds fraud events. DFP's basic work on fraud and IT security puts in place strong controls and barriers that are the first line of defence against organised crime. We believe that that goes a significant way to protecting the public service.

The PSNI is part of the fraud forum. However, the fraud forum and DFP do not officially consider organised crime to be their responsibility. Organised crime has been a matter for the Organised Crime Task Force within the Northern Ireland Office, and it will now be the responsibility of the new Department of Justice

Ms Purvis:

The memorandum talks about a recommendation for central co-ordination and briefing arrangements within Departments, agencies and public bodies. Are you saying that DFP is not briefed on the work of the Organised Crime Task Force and the interdepartmental working group?

Ms Hamill:

There have been no meetings of the interdepartmental working group for several years.

Ms Purvis:

Are there plans for it to meet?

Ms Hamill:

The interdepartmental group on organised crime was established by the Secretary of State during a period of suspension of the Assembly. The roles and responsibilities were not allocated to any Department on restoration of the Assembly.

Ms Purvis:

Does DFP not think that there is a role for co-ordination?

Ms Hamill:

The Organised Crime Task Force has the lead on organised crime. It was part of the Northern Ireland Office and is now part of the new Department of Justice. Our colleagues in the new Department of Justice may want to consider that matter going forward.

Ms Purvis:

Will you suggest that to the Department of Justice?

Ms Hamill:

Do you want DFP to make that suggestion?

Ms Purvis:

It is one of the recommendations.

Ms Hamill:

It is one of the Audit Office's recommendations, but I see it as a recommendation to the Executive.

Ms Purvis:

OK; we will follow up on that.

Paragraph 3.20 of the detailed note identifies a number of areas for further action, particularly in relation to the fraud forum. Does DFP have any plans to widen the scope of the fraud forum? How do you see that developing in relation to organised crime?

Ms Hamill:

To be honest, we do not have any plans to widen the scope of the fraud forum. The fraud forum is there for the fraud investigation officers in the Department. It is there to co-ordinate the work of practitioners and to give them an opportunity to seek advice and share advice with one another. The fraud forum looks after the memorandum of understanding on fraud matters between Departments and the PSNI as regards how far we take fraud investigations before we hand them over to our colleagues in the PSNI.

The fraud forum is a practitioner-focused forum. If we were to widen its strategic scope, there would have to be a change of those who attend. I would be concerned that that would fundamentally weaken our controls in relation to fraud. There is no intention to widen the scope of the fraud forum. I acknowledge that the Audit Office has expressed views that there needs to be more co-ordination and briefing in that area, but I do not think that the fraud forum is the appropriate format for that.

Ms Purvis:

That gives me the sense that the fraud forum is more concerned with internal processes and mechanisms. It suggests that Departments feel that they are impervious to organised crime from outside. I do not understand why you do not feel that it is necessary to broaden the fraud forum.

Ms Hamill:

Strong anti-fraud measures across all Departments and all business activities go a long way to protecting against any crime, including organised crime. The fraud forum was established specifically for the practitioners who look after that work. That is those practitioners' skill area, and that is where they have responsibilities.

The Organised Crime Task Force provides the strategic focus for organised crime. My colleagues from the PSNI have referred to the special work streams that sit below the Organised Crime Task Force and in which they engage with the appropriate colleagues to deal with specific

threats. That is the right framework going forward. Departments that face specific risks engage directly with the necessary bodies on a bilateral basis. Examples of that include the Northern Ireland Environment Agency (NIEA) on waste, the Central Procurement Directorate on construction contracts and the Social Security Agency.

Ms Purvis:

I have a difficulty with that because you already said that your Department does not receive briefings on the work of the Organised Crime Task Force. It seems to me that this is not co-ordinated or joined up properly. There seems to be a disconnect.

Ms Hamill:

I accept that criticism. I suggest that the Department to lead policy should be the new Department of Justice.

Ms Purvis:

In paragraph 3.7 of the detailed note the principles that would contribute to the fight against organized crime are discussed, for example, vigilance and awareness. Can I ask you and Mr O'Reilly what steps you have taken within your respective Departments to promote and implement them? You refer to some specific measures and techniques: database interrogation, data sharing and matching and data mining.

Ms Hamill:

In databases and database sharing, DFP took a lead role with their colleagues in the Northern Ireland Audit Office in ensuring that we got the appropriate legislative cover in the Serious Crime Act 2007 to allow participation in the national fraud initiative, which allows the Comptroller and Auditor General to exercise his role to extract data from Departments and to look for data-matching issues that may cause concern. That information is then passed back, and Departments then investigate those duplications to look, for example, for frauds and errors. DFP is responsible for a significant volume of data. The latest information that I have from my Department on that exercise is that 91,000 matches have been identified. Of those processed to date, some 750 frauds have been identified as a result.

Mr O'Reilly:

In respect of my Department and the way that it links into others, the rising profile of waste crime

has created across the Department a greater awareness of such crime and of the interactions and interrelationships between the different types of crime.

In a sense, we had the benefit of a review that was carried out by the Criminal Justice Inspection Northern Ireland in 2007. That review focused specifically on my Department because of its interaction with several areas of law enforcement. It looked carefully at the way in which the Department delivered in those, and one of its recommendations was the creation of the environmental crime unit, which was set up in December 2008. It also highlighted the need for a greater awareness in the Department of the interaction among its Environment Agency's work on environmental-related crime, transport-related crime, which is looked after by the Driver and Vehicle Agency, and planning enforcement activity, which can sometimes link in to raising awareness of other types of criminality.

Anne has highlighted the investment that we have made in a new intelligence database in the NIEA. We have the benefit of the Criminal Justice Inspection report, and we are keeping a close watch on how we create interaction within the Department across the areas that I have mentioned.

As the report highlights, responsibility for this cuts across all Departments. A notable example is the Department of Enterprise, Trade and Investment, which has responsibility for fuel oils and the registration of fuel-oil retailers, etc. That, in turn, provides a significant source of data as to which outlets are selling fuel oils, what volumes they are selling and, by definition, how that relates to their legal supply of fuel oils. Another is example is the Department of Social Development, which has responsibilities, along with local government, for the licensing of premises to sell alcohol. That can also lead to interrelationships with crime and, sometimes, organised crime.

My Department has responsibility for taxi licensing, which can sometimes provide, if not a major source of organised crime, a potential means of money laundering in the sector. I give those examples to show the enormous scope that exists for co-ordination and co-operation. In my Department, there is a greater awareness of it, but I cannot claim that we are achieving the highest possible levels of co-ordination. Through the NIEA, we participate in some of the co-ordinated work streams of the Organised Crime Task Force, particularly on criminal financing. The report rightly highlights the potential for greater co-ordination in all those areas.

Ms Purvis:

Assistant Chief Constable Harris, bearing in mind what Fiona Hamill said about developing and emerging threats, what steps has the PSNI taken to ensure that public sector bodies and Departments are given timely briefings on such threats?

Mr Harris:

We work mainly in partnership with the Organised Crime Task Force, with the majority of briefings taking place at stakeholder group level. We meet with representatives of the business community in forum to update them on crime patterns and threats from criminality. We then deal in a bespoke manner with specific industries, including the banking and the cash-in-transit industries. Our relationship with other elements of the public sector is intelligence driven.

Many organised crime gangs focus on habitual activities, such as fuel laundering, dealing in counterfeit products, including counterfeit cigarettes, as well as cigarette smuggling, because they can make a lot of cash. The OCTF oils expert group works across the public sector on fuel industry regulation, the movement of fuels and so forth. Its work involves co-ordinating cross-border work with the authorities in Dublin to maximise control of the whole industry, thus reducing opportunities to commit fraud through fuel laundering.

Similarly, we have a legislative forum to try to address cross-border disparities between law-enforcement powers and sanctions. Therefore, at various levels, we are harmonising systems and attempting to close loopholes. All that involves ongoing work across the public sector, including our work with the Public Prosecution Service and, in turn, the Irish Director of Public Prosecutions on prosecutions and, if necessary, law reform.

I think that we have a very good system of dealing with the organised crime threat that we face. Intelligence comes into the system from various sources, not just the police but HMRC, SOCA and the business, construction and banking industries. That allows us to assess the threat from organised crime in Northern Ireland. From that, we determine where we feel that threat will go. Human trafficking is an example. Two and a half or three years ago, it was unheard of and we were not alive to it as a threat. Now, the situation is entirely different. Support mechanisms are in place, enforcement mechanisms are geared up and we have looked at best practice across the world in dealing with the matter. We have also carried out multi-agency work to support victims.

That illustrates how we can react, and, in some ways, we have seen similar changes in extortion. As paramilitary groupings have closed or wound down their operations, the nature of extortion in Northern Ireland has changed in the way that I described earlier. We held a series of awareness events with professional bodies, including those that are involved with financial institutions and money service bureaux. Unfortunately, a guy whom we subsequently arrested for dishonesty offences was sitting with one of our information packs, but there you go.

Ms Purvis:

Does the present system produce the best co-operation and co-ordination? For example, the police work with the Department of Health, Social Services and Public Safety to provide services for women who have been trafficked, and they also work with the Department of the Environment and other Departments. Do you think that the system would benefit from an interdepartmental working group through which information and briefings could be shared easily, or are you content with what is presently in place?

Mr Harris:

Perhaps something could be done on how organised crime creates public harm in the widest sense. Drugs create harm to health, and the millions of counterfeit cigarettes that are imported into Northern Ireland each year, which are sold at an almost full mark up, close down opportunities through the loss of revenue and jobs. That revenue becomes criminal funds when it could be put into public services. However, the real threat from organised crime is when the amount of money sloshing around in criminal finance is such that it begins to corrupt professional groups and public officials. There are plenty examples of that from across the world.

There is an awareness beyond what the police are doing to combat organised crime on the wider implications of that crime are for society. For example, drug misuse is an enforcement issue for the police, while for others it is a health and an education issue. Much of the crime that we see, particularly the violent crime, is as much a health as a crime issue for the police.

Northern Ireland now has its own Minister of Justice in a devolved Executive, and the police are looking forward to developing partnerships with other elements of the public sector. The work of the Organised Crime Task Force has shown the advantage that Northern Ireland has over other jurisdictions. It is of such a size that you can get to know all the key players and start to

develop the necessary trust. The memorandums of understanding on the sharing of information are easy enough to draw up, and, after that has been done, we can start to make a real impact. For other jurisdictions, the scale is too large. For example, in England and Wales there is no equivalent of the Organised Crime Task Force, and my counterparts there do not have access to HMRC, SOCA or other agencies in the same way that I do. We must take advantage of the size and scale of the Administration in Northern Ireland in our attempts to combat organised crime. Organised crime is a big problem, but it is a finite problem, and there are plenty of ways to deal with it that we have not yet explored.

Lord Browne:

Mr O'Reilly, paragraph 4.6 on page 49 of the detailed note concerns the current underreporting of organised crime activity, particularly extortion. It suggests that the approach of the NIEA to tackling organised crime may provide a useful model for other agencies. I assume that that initiative relates to the illegal dumping of waste. If that is the case, will you outline the key elements of the initiative, particularly in the relationship between NIEA and SOCA? Furthermore, do you consider the initiative to have been successful?

Mr O'Reilly:

The origins of that initiative were twofold. The first was circumstantial and came from the awareness a few years ago of the scale of illegal dumping and the massive implications that it has not only for our environment but for our direct public expenditure position. The second factor was that there was a healthy awareness of waste crime across the community in Northern Ireland. People are very aware of it, will report it and will raise concerns about it with their elected representatives. In a sense, those two issues were highlighted to the Department. Therefore, we introduced a crime e-mail address and phone number to provide opportunities for members of the public, elected representatives and others to report incidents of environmental crime at all levels, not only serious organised crime but instances of one-off fly-tipping and so on. If such crimes are not reported quickly, they can, by their nature, sometimes be difficult to follow up.

As I said, the other incentive was to avoid the scale of the cost implications for the Department and others. That is usually portrayed as loss of revenue to the Exchequer, but, in this case, the cost is to departmental expenditure limit (DEL) and the Northern Ireland block. Although the Government in Dublin will carry a substantial part of the £85 million that I mentioned, the cost to us will, nevertheless, be in excess of £10 million. That £10 million will

not be available for other services.

We are pleased with the progress that has been made so far on the methods of reporting. However, we hope that the increased powers that we will receive will enable us to enhance the use of that intelligence and to, for example, feed the intelligence that we receive from individual reports into the new IT system that Anne mentioned. Do you want to add anything, Anne?

Ms Blacker:

Lord Browne asked how the relationship with the Serious Organised Crime Agency arose. Initially, we uncovered that situation, and I have to say that must do is a great master. It became clear that normal environmental enforcement throughout the UK is done to achieve compliance and not to deal with organised crime. It was clear that normal approaches would not work. We made contact with the Assets Recovery Agency, as it was known then, via the Organised Crime Task Force, which we have, historically, had good communication with.

Lord Browne:

Did you carry out an advertising campaign to make people aware of the confidential telephone line?

Ms Blacker:

The advertising has been limited. When the Department first took on regulatory responsibility, there was a great deal of television advertising, such as the Wake up to Waste campaign, and duty of care legislation was introduced. Although that did not directly relate to illegal dumping and organised crime, it seemed to trigger recognition in the public mind, and we received a lot of reports. We still receive reports from individuals who are worried about the implications of reporting and whether we will publicise their details. Over a period of years, we have built up confidence to assure people that, if they are good enough to lift the phone and speak to us, we will not divulge their details. We continue to work on that, and we are keen to explore, as resources permit, other means to increase public support and reporting.

Lord Browne:

Have you shared your experience with other agencies and worked together to try to improve the situation?

Ms Blacker:

We work with the Environment Agency of England and Wales, the Scottish Environment Protection Agency (SEPA) and the Environmental Protection Agency (EPA) in the Republic of Ireland, all of which have similar environmental crime units. The proceeds of crime legislation is more advanced here, but those other areas are introducing similar pieces. All the jurisdictions have regular meetings to exchange intelligence, best practice and experience.

Lord Browne:

In response to an earlier question, you mentioned the seizure of vehicles. Until now, you have operated under somewhat outdated EU regulations, and there was an anomaly whereby the vehicles of hauliers who delivered their own goods could be stopped but not be seized. The rest of the United Kingdom addressed that matter some 10 years ago in 2000, but we have been rather slow to do that here. I know that we have recently introduced the Goods Vehicles (Licensing of Operators) Act (Northern Ireland) 2010, but there was a 10-year delay in doing so. Can you assure me that the 2010 Act will be implemented? Given that it has received Royal Assent, how long will it take to be activated?

Mr O'Reilly:

The Goods Vehicles (Licensing of Operators) Bill received Royal Assent 22 January 2010 and has come into operation. As for the reasons for the disparity in approach in Northern Ireland and the rest of the UK to the licensing of haulage vehicles and the differential between owner users and those who have vehicles for commercial gain, the background note told me that that differential started in 1965. Therefore, that situation goes back quite a while. However, as the Committee knows, we have brought the basic statutory framework into line with the position elsewhere in GB, and that also brings us into line with better practice in Europe.

It will take time to take the actions that are required to move from the present arrangements in which about 20% of hauliers are licensed to the position of having 100% of hauliers licensed. The first key step is to set up a transport regulator's office in the Department. The initial team for that has been in place since 1 April 2010. It will take time to put in the IT systems that will enable us to maintain a database of licensed operators, but we intend to have the full arrangements in place by 2012, and we want the office to be more fully staffed by 1 April 2011.

Mr Dallat:

It seems that I am the sweeper up, if you pardon the pun. We heard about the high level of co-operation between An Garda Síochána and the PSNI, but surely the policies are not crime proof to begin with — a coach and horses can be driven through most of what we are discussing. There are differentials in the cost of waste disposal, differing rates of VAT North and South, and we have just heard that the legislation is different in different parts of Britain. What action is being taken to ensure that the Government and their agencies do not actually create the opportunities for crime and then set up awfully sophisticated bureaucracies to catch the criminals?

Mr O'Reilly:

An obvious way in which the Government can create opportunities to allow crime to occur is to have measures such as differential tax rates and varying charges on diesel. That begs the question of whether would there be a better way of facilitating people in the agriculture and other industries to avail themselves of lower levels of tax on diesel than having red, green and white diesel. That could remove an opportunity for crime.

To an extent, particularly on this island, differential tax regimes can attract organised crime and benefit trade in the North and South. However, on the wider question, that is something about which Departments, including OFMDFM, are aware. We have put in place guidelines for Departments to use when they are developing policies. In fact, one of the strands includes a crime-impact assessment.

The Waste and Contaminated Land (Amendment) Bill was the subject of a crime-impact assessment to ensure that, at a simple level, the provisions for penalties were correct and, at another level, to ensure that we did not inadvertently facilitate or promote new opportunities for crime by introducing some new tax, charge or administrative arrangement. That can sometimes, but not always, be anticipated, because people have a fair level of ingenuity in those areas.

That immediately comes to mind as an area for which we were making policy, laws, regulations and introducing charges at the same time as recognising the need to raise awareness of the potential of those well-meaning regulations to create opportunities for ordinary and organised crime.

Mr Dallat:

Of course, those who are involved in crime will always size up the level of resistance. I will not get too specific, but Anne Blacker will know what I am talking about when I say that an illegal site can be given permits and made legal. The complaints then start flowing in, but we know that the resources are not there to send down people from Belfast every weekend to deal with a pong. Similar to those who are involved in similar planning issues, the people concerned have sized up everybody. They know the measure of the agency's clout, and it is not there.

Ms Blacker:

I know the site to which you refer, but I am not sure whether it is appropriate for me to name it in front of the Committee, so —

Mr Dallat:

No; such sites are protected all the time. They cannot be named, there is a hush about them and not a word is said.

The Chairperson:

We are dealing with a specific issue, so I would rather that you did not mention the site.

Ms Blacker:

Any business that has an opportunity to make money by not complying with legislation has a choice. Some businesses and individuals will choose to comply. In the same way, I choose to pay the tax on my car, but someone else might not. Some businesses will make the other choice and will not comply. As I explained, the people who are involved in illegal waste activity will challenge our actions and legislation. We are bound by the legislation, and we have to work on the basis of evidence. Where we can find the evidence, we will proceed. Unfortunately, where we cannot find the evidence, we cannot proceed. However, we will try to find evidence if it exists.

Mr Dallat:

That answer was absolutely honest. All action has to be matched to resources, but public confidence is fundamental to all that. That is why we have an Environment Agency and a Public Accounts Committee. Clearly, if public confidence does not exist, the resources that are needed have to be found in some way. That is why I often wondered why the Environment Agency did

not scream from the rooftops that it was under-resourced. Are you constrained by the fact that you are just an agency of the Department of the Environment?

Ms Blacker:

All I can say is that, in heading up the crime unit, I have never felt constrained by being part of a Department in the actions that I have been able to take.

Mr Dallat:

That is fair enough. That answer suits me fine, because it means that you take total responsibility for everything that is not right.

I cannot really blame you for this, and I do not want to blame the PSNI either, but there are occasions where heavy fines — thousands of pounds — were imposed on polluters of rivers, for example. The money was never collected, because the PSNI could not find the people who owed it. Is there sufficient co-ordination among the different agencies to ensure that the criminal hands over the money or does the time?

Mr Harris:

There is an ongoing review of the system of fines and their retrieval right across Northern Ireland. We are different from Great Britain and other jurisdictions in that we have a pretty antiquated system. It probably has not moved on much in the past 100 years, although I hesitate to say that. The idea of there being a constable with warrants of default is a very antiquated way to look at retrieving money in days when we have bank transfers, credit cards, bank cards and bank accounts, which are readily accessible by electronic means. All that is being reviewed. We have a very labour-intensive system that is almost based on somebody counting out cash and being given a receipt. That is not very fit for purpose, but a lot of work is being done to try and bring that process up to speed.

It is important to highlight that, as well as there being fines, financial investigations are undertaken that draw down on profits. That is a very important element of our work. It is essential to get behind the fines and into the profits. At the end of the day, the people concerned operate a business, and we want to make it unprofitable for them.

Mr Dallat:

That is fine. Paragraphs 4.9 to 4.16 of the detailed notes refer to data exploitation and suggest that the spend-to-save principle could apply in that area. In other words, if money is invested in the technology that we talked about earlier, it is likely that there will be a return. Do you have an assurance from DFP that the money that is required to invest in data collection to catch the people who are involved in organised crime will be forthcoming?

Mr O'Reilly:

Obviously, DFP has a finite amount of money to spend. However, the types of technology that you identified, such as data-collection systems, require relatively small amounts of money. Certainly, as I highlighted earlier, those costs are relatively small when compared with the cost of environmental crime. DFP has a role to play in allocating resources to Departments. However, other Departments have a role to play in effectively using those resources and trying to prioritise initiatives. It is relatively easy to say that DFP should give us more money; Departments might want to say that anyway. However, I recognise that it is our responsibility to target our resources as best we can to achieve more widespread savings for public funds.

Mr Dallat:

Are you telling the Committee that there is a focus on achieving that and a determination to do so?

Mr O'Reilly:

DOE has a major focus on that activity and area of work, not least because it sees the direct cost on the public purse of not getting it right and of failing to enforce those issues effectively.

Mr Dallat:

Therefore, the message coming from today's hearing is that organised crime does not pay, that the various agencies are geared up to ensure that information is shared and that the resources are available to stamp it out.

Mr O'Reilly:

Organised crime certainly costs. Inevitably, it has paid, and probably will continue to pay, in the short term, at least for individuals who are able to exploit the various loopholes that exist in elements of society and in legal frameworks. However, in the area that we are responsible for,

the aim is to curtail the benefit as far as possible. We have some evidence that we have been having an impact over the past few years on the specific measure areas that the Environment Agency has been dealing with.

Mr Dallat:

Is there no level of tolerance?

Mr O'Reilly:

There is no level of tolerance. However, I suspect that organised crime will always be an issue and that there will be a need for continuing high-level vigilance.

The Chairperson:

Mr Beggs has a supplementary question, so I ask the witnesses to keep their responses as brief as possible. We want to get this session wrapped up shortly.

Mr Beggs:

Table 1 in the memorandum indicates that the estimated cost/loss of the supply of illegal drugs is £25 million. Gangs that are involved in organised crime have been supplying illegal drugs. However, I fear that they have also been involved in the supply of legal highs. Mephedrone was added to the list of illegal drugs recently. I know from listening to my constituents over recent weeks that that drug has wrecked lives. Young people have dropped out of college, lost their jobs and used what limited assets they have to feed their addiction to that drug. The problem is also costing the Health Service money through the provision of mental-health services. I take it that that figure does not include all those other costs and that those are just the profiteering costs? After reading about the drug and getting more information about it from local people, I am concerned that international criminal gangs appear to be supplying what is a designer drug. Is that the case?

Mr McComb:

Mr Dallat made the point about how crime proofing something can inadvertently create another drug. A chemist, in his wisdom, simply changed the chemical structure of an illegal substance by adding a C, a H or an O — I am no chemist — to make it a legal substance. It takes a number of weeks to identify that that has happened, and then the chemist will change the structure again. One is always trying to get one step ahead of the curve.

Mr Beggs:

Is there a need for the legislators to get wise to that problem? Instead of just banning a family of drugs, perhaps there should be a move towards creating a spot-listing system, as has happened in the US and New Zealand. Everyone knows that 1g packs of bath salts will not be going into a bath. A spot-listing system could stop what you described at a very early stage. If a substance has been legal for several months, the addiction has been fed and spread. Young people may think that a substance is OK because it is legal, and they may get a taste for it or even get hooked on it. Should we have some system of spot listing the abuses of international labs that are waiting to distribute the next designer drug that can get around current law?

Mr McComb:

Interestingly, mephedrone was banned last Friday, and, no later than the weekend, there were reports of a new drug called sparkle, which is just another derivative of ecstasy. There is an argument for taking a much more holistic approach and saying that an illegal substance should be identified and action taken more instantly. I am aware that a national review of the Misuse of Drugs Act 1971 is ongoing to try to resolve some of the issues that you raised. The appendix to the current list of controlled drugs grows day by day because of the growth of the industry. People with a good education in chemistry can create a new designer drug, but the legislation takes that bit longer.

The frustration for law enforcement is that we see people in possession of something called plant food, for example. You and I know that it is mephedrone and not plant food. It is sold in head shops that, although legal, are on the very thin crust of legality. However, until the law permits law enforcement to take action, we will always be hampered. We are able to look at the situation, but we are not able to do much about it.

Mr Beggs:

I feel strongly that that should be one of our recommendations. We need to get wise on this issue and be ahead of the game in what the criminals are doing.

The Chairperson:

We will discuss that and the other recommendations.

You will be glad to hear that there are no more questions, as it was a long session. There is a great deal of public interest in organised crime and the public sector, so dealing with those two areas needs to be married up. Some good work has been done, and there is some still to be done. We will receive more information from all of you, and we may request further information in writing. For now, I thank Roy, Drew, Leo, Anne and Fiona for their patience. Thank you very much for what was a very informative session. I also thank Hansard.