

An Chartlann Náisiúnta
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Reference Code:	2022/84/15
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18 June 1999 No of pages including this one: 2

To: HQ From: Belfast
For: Secretary Gallagher From: Joint Secretary

Subj: (a) Proximity talks: (b) Ian Milne

1. I had a conversation last night with David Watkins, the senior security official at the NIO.

Proximity talks

2. Frank Blair brought the proximity talks to an end yesterday because he felt they were going nowhere. There was no single issue which caused the breakdown. Privately, Blair would apportion blame more or less equally to both sides - there were endless recitals of familiar grievances and no serious attempt to find common ground. However, he ended the talks on a "no blame" basis and both sides agreed to this, in theory at least.

3. Blair will report to the Prime Minister next Monday on the failure of these talks and on his assessment that there is no prospect of them resuming under his own chairmanship. It will be for the Prime Minister, with the Secretary of State, to decide what to do next. There is essentially a week left in which a deal could be struck, as the Parades Commission must issue a determination on Monday 28 June in the absence of an agreement. (Watkins made clear that, like the GOC the other night, he expects the Commission to ban the parade down the Garvaghy Road - in fact, he described the chances of them reaching any other decision as "infinitesimal").

4. The Prime Minister may choose to launch an initiative of his own, summoning the two sides to talks in a last-ditch effort to achieve an agreement. If he succeeded,

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this would of course play very helpfully into the parallel efforts to resolve the political impasse in advance of 30 June. If he failed, however, this could have a very damaging effect on the wider enterprise. The grievances of the Orangemen and the residents would carry over into the political arena and seriously undermine the prospects of agreement being reached there. There is also the risk that, in attempting to broker a Drumcree solution, the Prime Minister (or Jonathan Powell) might take up certain positions for tactical reasons which would be at variance with the Parades Commission's subsequent determination and that this could spark both political and legal problems. Any intervention by the Prime Minister next week is likely to be fraught with difficulties.

Ian Milne

5. We sent down last night a copy of Mr Nolan's report on the proximity talks of 5-6 June which contains some background material on Ian Milne (paras 2-4 and 12-13).

6. Watkins described him to me as an enigmatic figure who nonetheless, in the NIO's view, has had a benign effect on the proximity talks process. Milne who is a member of the Portadown Orange Lodge, is a financial consultant and also an undertaker (!). In addition, he is in the insurance business and has some commercial interests which include a bar in Cookstown. Watkins is adamant, however, that Milne himself has no connections with Loyalist paramilitary groups. He asked me to accept this on the basis of information he has had from intelligence sources. While the matter may now be academic, Milne has done what the NIO considered to be a good job in relation to the proximity talks and has been more assiduous in this role than Roy Magee. While he is friendly with Chris Gibson, his interest in becoming involved with the Orangemen in this context predates Gibson's role. I commented in general terms that facilitators on the residents' side could reasonably object to a person with Milne's partisan background playing the same role for the Orangemen. Watkins took this point but again claimed that Milne has had a helpful impact on the process.

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ANNEX A

2. As may be seen in the introductory note prefacing the Blair draft document, the chairman hoped that "talks would flow" from it via the appointed facilitators. It was a vain hope. To begin with there was a problem with the facilitators, or more accurately with the facilitator for the Orange side. It appears that Roy Magee has been edged out of the picture and that Ian Milne has now insinuated himself into the center of things. This has greatly angered Peter Quinn, who believes that Milne is not only a member of the Orange Order but may also be a member of the Portadown Lodge. Quinn pointed out to Frank Blair that 'rank' equivalence would mean a member of the Residents Coalition acting as facilitator for the other side and furthermore that Milne's various credentials could be seen as placing him (Quinn) in an invidious position.

3. Before either side got round to responding officially to the Blair draft document on Friday, No.10 entered the fray. This occurred as a result of the ambiguous presence of David Campbell at the Interpoint Building when the talks commenced. Frank Blair told Campbell in writing that he considered him to be part of the Orange delegation. Campbell said he was there holding a watching brief on behalf of the First Minister. The Orange delegation ignored him and apparently he spent all of Friday sitting on his own in an office. He was not idle however. Evidently, he took it upon himself to brief some people outside the talks because at some stage on Friday afternoon, the Rev.William Bingham contacted Downing St. (ie Jonathan Powell) and this contact resulted in a new parades 'offer' from Downing St. This in effect undermined the Blair proposals tabled only hours earlier. Reports were that the Downing St offer entailed a parade on the Garvaghy Road on alternate years only beginning with a parade this year. Downing St. seems to have allowed itself to believe that Rev. Bingham would or could persuade the Orange to take on this offer and put it forward as their response to the Blair proposals. Whether or not Powell's idea was even put to the Orangemen in the Interpoint building nobody was sure of. I learned later from an outside source that Bingham and Denis Watson were seen deep in conversation at Parliament Buildings on Friday afternoon and it also sems that David Montgomery was also involved in some way. If the proposal was put to the Orange delegation, they clearly ignored it and instead put forward their own very hardline position. This points toward a serious misreading of the situation by Downing St. at an already difficult moment in the runup to Drumcree 1999.

4. Among those known to be in (or with) the Portadown LOL delegation at the Interpoint were : Harold Gracie and his deputy David Burrows, Ian Milne, Stephen Mclaughlin, George Patton, Nigel Dawson and (for the first time apparently) Richard Montieth. Denis Watson was also about the place. The paper presented by the Orange side (attached) in response to Frank Blair's draft document speaks for itself. It is not a negotiating document and is clearly not intended to fulfil such a function. In a final 'response' before the talks ended on Saturday afternoon, the Orange side requested the chairman to obtain the specific reasons for non-acceptance by the GRRC of their paper. The GRRC intend to respond to this by giving the chairman a list of breaches by the Order of the various Parades Commission rulings since July of last year.

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A few other points to note.

12. As I mentioned above, Peter Quinn is distinctly uneasy about the role now being played by Ian Milne as well as the manner of its coming about. He called Roy Magee who has been his opposite number, as it were, for several months past. Magee sounded very upset but apart from emphasising that he had not resigned, he was unwilling to say anything further about the matter over the phone. Quinn has been making discreet enquiries about Milne and is not exactly reassured by the results. Apparently, Milne at one stage owned or at least managed the "Checkers" bar in Cookstown at a time when that establishment was well known locally as a meeting place of mid-Ulster loyalist paramilitaries. The bar is mentioned, but not named, in Sean McPhelimy's book *The Committee*. Subsequently, Milne went into the insurance business but it is unclear what his present situation is.

13. I have heard from another source here that through an intermediary Milne has been trying to interest one or two people in helping him to write a book. The bait being held out is that he has a very interesting story to tell. Efforts to elicit more information yield little more than hints about murky events, disclosures that could upset a lot of people etc.

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