

E152/7

97/7

16 JUL 87

SECRET

- 1. Mr Bell [not seen]
- 2. PS/Secretary of State (L) (1)

- cc: PS/SofS (L) - B (2)
- PS/Mr Stanley (L&B) - B (3+4)
- PS/PUS (L&B) - B (5+6)
- PS/Sir K Bloomfield (7)
- Mr Burns (8)
- Mr Stephens (9)
- ~~Mr F A Elliott, DHSS(NI)~~ (10)
- Mr Chesterton (11)
- Mr Innes - B (12)
- Mr M Elliott (13)
- Mr S Hewitt (14)
- Mr Blackwell - B (15)

CROSS-BORDER SOCIAL SECURITY FRAUD

- 1. The Secretary of State has indicated that he would like to raise with the Irish at tomorrow's Conference meeting the issue of alleged social security fraud by PIRA in border areas. I accordingly attach a self-explanatory line to take and background note on this question. This has been prepared by LOB and incorporates some comments from DHSS(NI).
- 2. The Irish have been informally alerted through the Secretariat that this issue may be raised tomorrow.

De Scott

(Signed)
S J LEACH
SIL Division

15 July 1987

T1768.

As discussed, I will be need to prepare for an approach from NI to the. The scale of non-donor fraud is so significant that 10% of non-donor fraud would amount to a large sum. I assume we cannot verify, but will certainly follow up any leads put to us by NI/RUC.

[Signature]
16/7/87.

SOCIAL SECURITY FRAUD BY PROVISIONAL IRA ("DOING THE DOUBLE")

Line to Take

Investigations by the RUC have indicated that in border areas in particular PIRA is extracting a levy from members of the Provisional movement who are "doing the double", ie claiming social security or unemployment benefits while working. It is believed that in many cases benefit is claimed both in Northern Ireland and in the Republic. While the problem of cross-border social security fraud is not new (and the DHSS(NI) and the Department of Social Welfare in Dublin have co-operated closely over the years in the effort to prevent it), I suggest that in the light of this new information about PIRA involvement our respective senior officials in the law and order and social security fields should meet very soon to review the current position and propose ways in which this source of funding for terrorism can be cut off.

Background

1. In the paper on terrorist-paramilitary finance recently sent to the Secretary of State by the Chief Constable, it is claimed (on page 13) that in addition to Tax Exemption Certificate fraud, PIRA is known to extract a levy from its members who are "doing the double" ie claiming social security

or unemployment benefits while working. Reported as being around 10%, the levy permits local PIRA units to be self-financing to some extent and is particularly prevalent in border areas, where benefit can be claimed both in Northern Ireland and the Republic.

2. Since this fraud is particularly prevalent in border areas the Secretary of State will wish to persuade the Irish that a joint approach to cutting off this source of finance for terrorism should be mounted. A first step would be to propose an early meeting between British and Irish senior officials in the law and order and social security fields to discuss the problem and to make proposals to Ministers as to how this fraud can be attacked and eliminated on both sides of the border. This joint effort can build on the existing close relations between DHSS(NI) and the Department of Social Welfare.
3. This problem should provide scope for constructive economic/security co-operation with the Irish, since PIRA may well be defrauding the taxpayer in both jurisdictions. We have informally alerted the Irish (through the Secretariat) that this issue may be raised at the Conference.