

Title: Firms that flout CPF rules may get heavier penalties
Publication: The Straits Times, Page A8, 24 May 2013
Details:
Summary: COMPANIES that are tardy in making contributions to their workers' Central Provident Fund (CPF) accounts could face stiffer punishment.

Firms that flout CPF rules may get heavier penalties

By TOH YONG CHUAN
MANPOWER CORRESPONDENT

COMPANIES that are tardy in making contributions to their workers' Central Provident Fund (CPF) accounts could face stiffer punishment.

The Manpower Ministry and CPF Board are reviewing penalties against companies that do not pay, underpay or are late in making the mandatory payments, said Acting Manpower Minister Tan Chuan-Jin.

He disclosed the review after the CPF Board said yesterday that it recovered a staggering \$293 million in arrears from errant companies for more than 200,000 workers last year.

Currently, the maximum fine these companies face is \$10,000 for each conviction. But this is only for repeat offenders. First-time offenders face a smaller fine of \$2,500.

"By upping the penalties, this will hopefully serve as a stronger deterrent for employers," Mr Tan wrote in his ministry's blog yesterday.

This is the second time this week the minister is taking a tougher stand against errant businesses.

On Monday, he had said that while the Government prefers to persuade employers to treat their workers fairly, it does not rule out anti-discrimination laws.

The CPF Board told The Straits Times the review is a "comprehensive one", but it did not say when this would be completed.

The bulk of the arrears the board recovered last year - \$283.7 million - were late payments made after a 14-day grace period.

The rest - \$9.4 million - were from those that defaulted.

Most of the errant businesses were small and medium enterprises in the

cleaning, security and food and beverage sectors.

The \$293 million recovered last year was just a tad more than the 2011 sum of \$292.6 million.

Besides considering higher penalties, the CPF Board said it will continue to educate companies on their legal obligations to make the payments.

But it warned that those that do not comply with the law will be taken to court, pointing to the more than 200 convictions against errant firms last year.

Mr Zainudin Nordin, who chairs the Government Parliamentary Committee for Manpower, welcomes the prospect of tougher action.

"Since there are firms that flout CPF rules, we need to send a clear message that the situation is serious enough for us to consider heavier penalties."

He added that employers who are slow to pay CPF will affect workers who use their CPF money for home loans and their children's education.

Sole proprietor Lim A Tiang, who owns two car workshops in Ang Mo Kio, was fined \$12,000 last November for paying nine workers their CPF late.

Yesterday, on visiting one of the workshops, The Straits Times was shooed away by a Chinese woman in her 60s who identified herself as the boss. She said: "I don't want to talk to you. This is our internal matter."

Security firm G2 Asset Protection, which was fined \$5,400 last September for late payments to nine workers, explained that it was facing financial difficulties then.

Said its finance manager Seetha Retnam: "Definitely CPF is one of the top priorities (now)," she said.

✉ tohyc@sph.com.sg

Additional reporting by Priscilla Kham