MORE companies are dodging payments to their workers’ Central Provident Fund (CPF) accounts and short-changing them on their CPF dues.

The CPF Board said in a statement yesterday that it went after 3,700 companies that were tardy in CPF payments last year, up from 2,600 a year ago. Seven in 10 did not pay their workers’ CPF fully, while the others did not pay at all.

In all, the board managed to recover $9.5 million in CPF owed to 10,000 workers last year.

While the amount recovered was about the same a year ago, fewer workers – about 6,000 – were affected then. The tally last year may rise further, because the board is still investigating an unspecified number of cases it uncovered.

As a result of their actions, 50 employees were charged in court last year for not paying or underpaying their employees’ CPF. They were fined between $400 and $9,200 each under the CPF Act.

Yesterday, Minister of State for Manpower Tan Chuan-Jin promised to “step up efforts” against errant employers.

“Laws are relevant and make sense only when we can enforce them,” he said. “We don’t want to be in the same position we were last year, where we didn’t take any action.”

His pledge came in the wake of a warning the Manpower Ministry issued last month during the Budget debate that it will intensify checks against companies.

Mr Zainudin Nordin, who chairs the Government Parliamentary Committee for Manpower, said he was worried about the trend of a rising number of employers defaulting on CPF payments.

“CPF is a key part of workers’ pay. Not paying CPF affects their livelihoods and families,” said Mr Zainudin, an MP for Bishan-Toa Payoh GRC.

He added that employees in the three sectors where the CPF Board identified as having “higher non-compliance” by employers – food and beverage, cleaning and security sectors – are largely part-time and low-income workers who need more help.

He called for stronger action against employers who do not respond to persuasion or public education.

“When we have the enforcement power, we should use it,” he said.

For Mr Zainal Sapari, an MP for Pasir Ris-Punggol GRC, companies which default on CPF payments are likely those which deliberately suppress wages.

“These companies put in suicide bids that are very low just to win a job. After that, they do not make enough money to pay workers, including CPF,” said Mr Zainal, who is the executive secretary of the Building Construction and Timber Industries Employees’ Union that represents cleaners.

He added that an overhaul of the cleaning industry through accreditation and licensing will weed out such employers.

Associate Professor Kalyani Mehta of SIM University, who has done research on CPF and older workers, said that employers who default on CPF contributions pose both short- and long-term problems.

In the short run, workers may have difficulties meeting their expenses.

“But in the long term, it affects their nest egg and what they can accumulate for retirement. This is also a serious problem.”

TOH YONG CHUAN