



Sharing of Good Practices

CPF Board's Approach to Enforcement & Recovery

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The CPF

- Background on CPF :
 - A fully funded, defined contribution scheme.
 - Both employers and employees have to make monthly contributions into the employees' (CPF members) individual accounts.
 - Today a comprehensive national social security savings scheme with S\$166.8 billion for 3.3 million CPF members - meeting retirement, housing and healthcare needs.



CPF Enforcement & Recovery Framework

- Employers are responsible for collecting the employees' share of the CPF contributions and paying them promptly together with their share to CPF Board every month.
- Employers' compliance is therefore critical in ensuring that members are accumulating savings regularly.
- An effective enforcement and recovery framework is required to ensure compliance and swift recovery of CPF arrears.



CPF Enforcement & Recovery Framework

- Such a framework is needed to ensure regular and timely contributions to the CPF scheme as long as members are in employment.
- Today, about 116,000 employers are submitting CPF contributions for 1.80 million employees monthly. Total CPF collected amounts to about \$1.64 billion every month.



Enforcement and Recovery Framework

An Employer has

Grace period of 14 days to make payment of CPF contributions after the end of the month in which the CPF contributions are due.

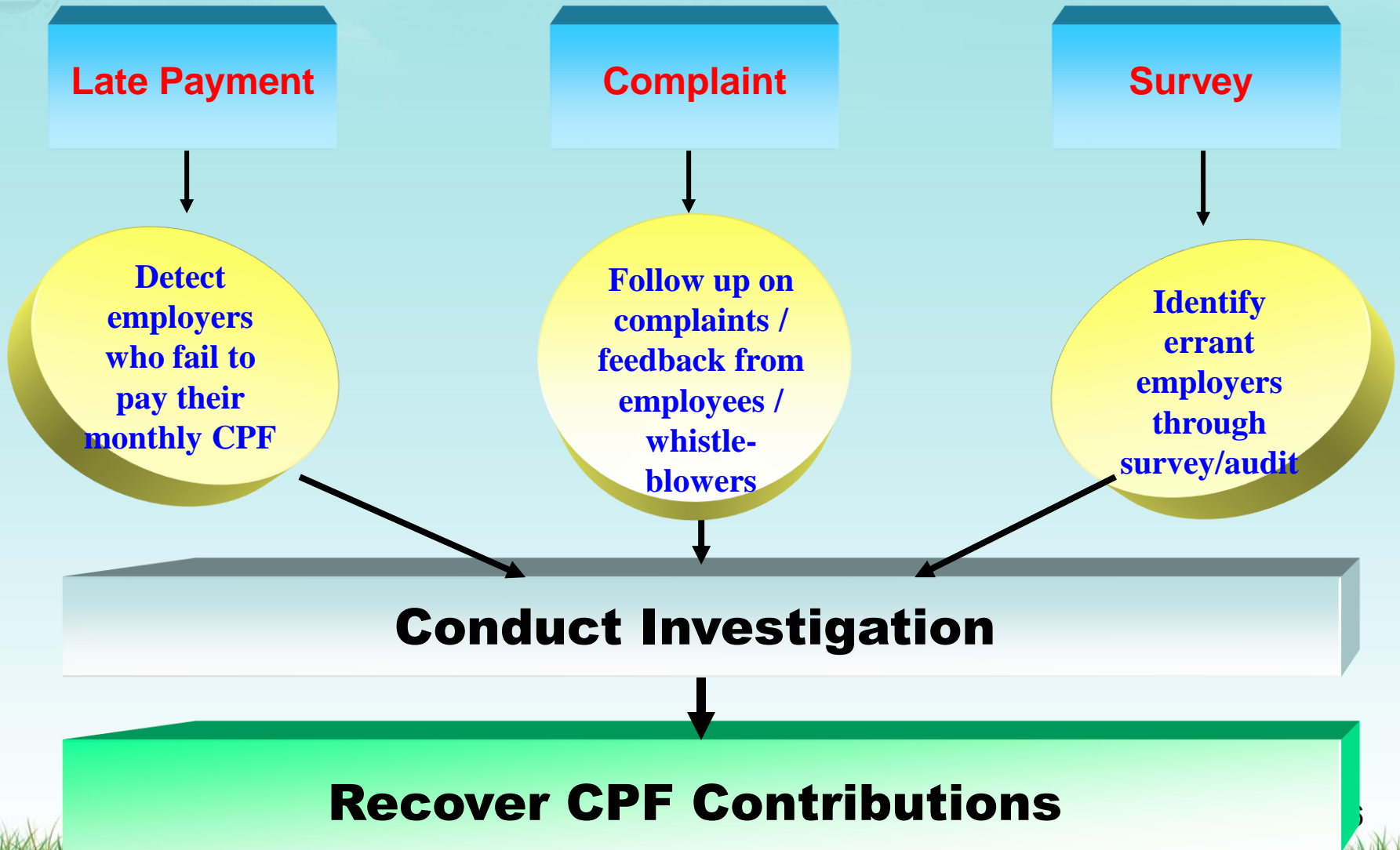


Example: CPF contributions are payable for May 2010 wages by 14 June 2010.

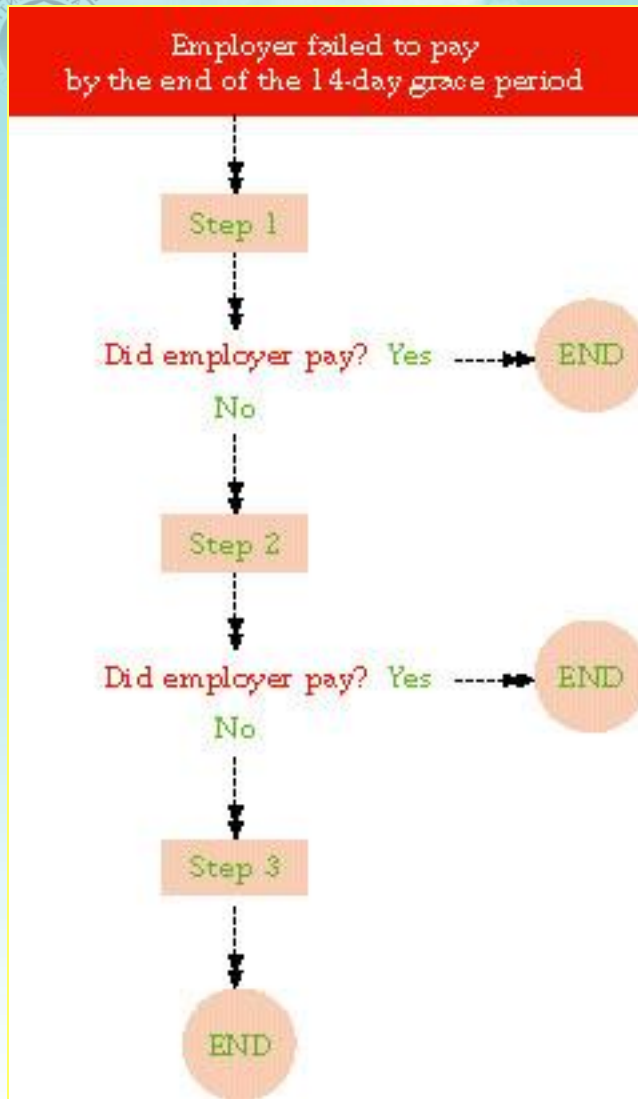


Enforcement and Recovery Framework

Detection of Non Compliance



Recovery Process



Step 1: Employers in Default

- Detect defaulting employers
- Send letter of notification

Step 2: Employers who fail to pay

- Send Notice to Attend Court

Step 3: Conviction

- Seize and sell assets
- Prosecute directors or bring employer back to Court for review
- Institute winding up or bankruptcy



Approach

1. Early detection of defaulting employers
2. Speedy follow-up enforcement actions
 - Imposition of late payment interest
 - Prosecution of employers



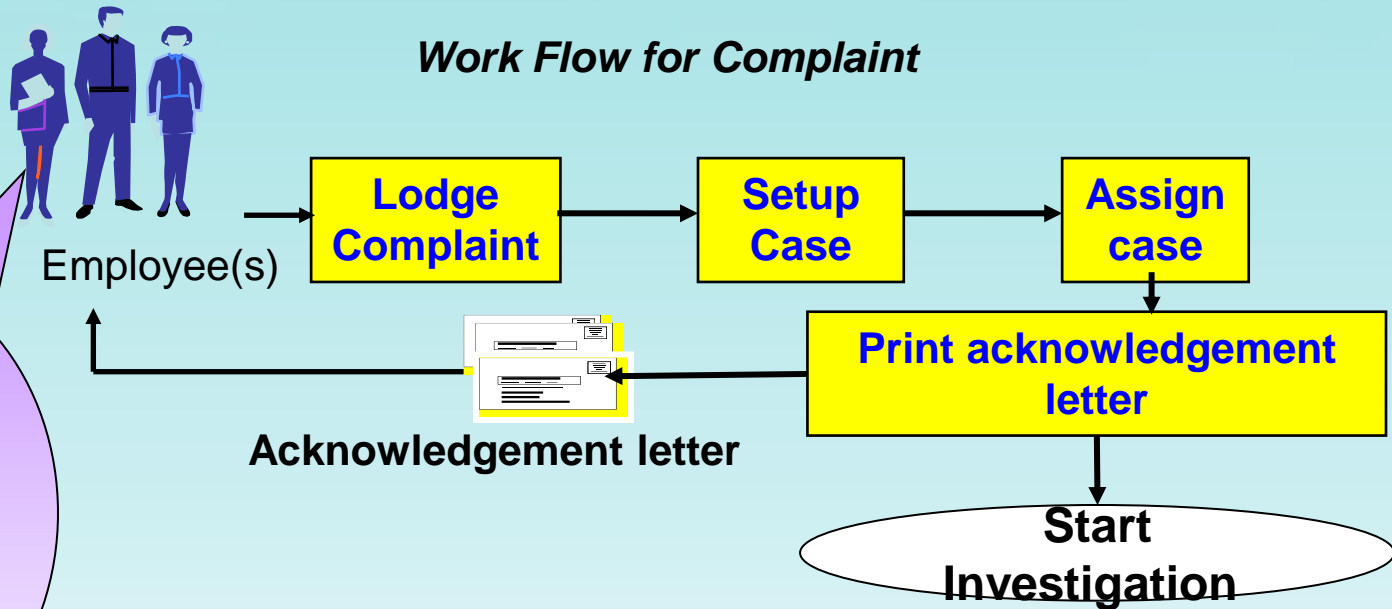
Complaint System

- Makes it easy for anyone to lodge complaints against employers – by providing several convenient channels (e.g. via website, email, counters, etc.) for them to do so
- Employees are encouraged to check their CPF statements and lodge reports of any CPF non compliance
- Anyone who wants to make a complaint could also do so anonymously
- Every complaint would be investigated and prosecution action taken against errant employers



Complaint System

Work Flow for Complaint



Receive Update on status within 21 days



Survey (Audit) Programme

- Conduct checks on employers to ensure that CPF contributions are correctly paid for all their employees.
- Two main ways:
 - mail
 - site visit / spot check





Approach

- Focus on High Default Industries
- Encourage self rectification
- Spot checks/visits
- Prosecute recalcitrant employers



Approach (Cont'd)

- Also involves engaging principals and agencies
 - Obtain information
 - Conduct briefings





Conclusion

- Need to strike a balance between empathy for employers and the needs of CPF members
- With this balanced approach, results of the annual Employer Services Survey shows employer satisfaction with the Board's services had improved from 97.8% in 2007 to 98.3% in 2009
- Effective enforcement and recovery framework
=> low employer default rate of 0.51%



Thank You