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Clearance Letters Will Save You Money – New Information!!

There has been a notable change in the way that WorkSafeBC administers the practice of clearance letters.

The change highlights the importance of obtaining a clearance letter. Getting one can save your company money. Failing to get one can, under certain circumstances, cost your company money.

The change has been a priority with COCA, which has been discussing this issue with WorkSafeBC for a number of years. “We are very pleased with this new practice,” said COCA President Grant McMillan. “WorkSafeBC has listened to industry needs and responded with an excellent change of practice.”

The change means that – in the case of Company A that obtains a clearance letter to the end of the most recent quarter for Company B that provides goods and services to them – if Company B then defaults on WorkSafeBC assessment payments before the next reporting period, Company A will not be held not liable for these assessment payments.

The new practice achieves two very positive results:

1. It encourages employers to ensure that the companies they hire for goods and services are registered and in good standing with WorkSafeBC, by obtaining a clearance letter. This is good news for the financial integrity of the system and for worker safety.

2. As long as conditions outlined in the practice change above are met, it protects those employers who obtain a clearance letter from any WorkSafeBC assessment payments that may be owing from the companies that provide goods and services to the employer.

It needs to be emphasized that a company that does not obtain a clearance letter for the other companies it deals with could be liable for the assessments that are owing from the other companies.

To obtain a clearance letter, go to: www.worksafebc.com and follow the directions regarding clearance letters. (The Clearance Letter is found on the main page under "Doing Business with WorkSafeBC.")

Section 51 provides that

51 (1) Where work within the scope of this Part is undertaken for a person by a contractor, both the contractor and the person for whom the work is undertaken are liable for the amount of any assessment in respect of it, and the assessment may be levied on and collected from either of them, or partly from each; but in the absence of a term in the contract to the contrary the contractor is, as between the contractor and the person for whom the work is performed, primarily liable for the amount of the assessment.

(2) Where work within the scope of this Part is performed under subcontract, both the contractor and the subcontractor are liable for the amount of the assessments in respect of the work; and the assessments may be levied on and collected from either, or partly from each; but in the absence of a term in the subcontract to the contrary the subcontractor is, as between the subcontractor and the contractor, primarily liable for the assessments.

(3) Where a contractor or subcontractor who is executing work in or for the purposes of an industry within the scope of this Part carried on by another person (in this subsection referred to as the "principal") is not assessed with respect to the work so executed, the workers of the contractor

or subcontractor may, in the discretion of the Board, be deemed workers of the principal with respect to the industry so carried on by the principal.

(4) For the purposes of this section, a person, contractor, subcontractor or principal includes an employer within the scope of Part 1.