Firm Pleads Guilty in Worker Oilsands Deaths

ST. ALBERT, Alta. - An engineering firm linked to a state-owned Chinese company has pleaded guilty to three workplace safety charges after admitting its unsafe practices resulted in the deaths of two foreign workers and injuries to another five in a 2007 oilsands accident.

A total of 53 charges involving three different companies — including Calgary-based Canadian Natural Resources Ltd. (TSX:CNQ) — were originally laid, but prosecutor Marshall Hopkins said the Crown is content with the pleas.

"We're content the public interest has been served," said Hopkins, who added the case has added clarity to how foreign companies operating in Canada should be dealt with.

SSEC Canada pleaded guilty. Another 11 charges against it were withdrawn.

A total of 10 charges against Chinese owned Sinopec Shanghai Engineering Company — a related but separate company — were also withdrawn. Lawyers would not comment on the relationship between SSEC Canada, incorporated in Alberta, and Sinopec Shanghai Engineering Company.

All 29 charges against CNRL were stayed, meaning the government can reactivate them at any time over the next year.

The pleas were entered Sept. 5, but did not come to light until Monday when a trial was supposed to begin.

According to an agreed statement of facts filed in court, problems at CNRL's Horizon project near Fort McMurray, Alta., began in late 2006 when 132 Mandarin-speaking Chinese workers recruited by SSEC Canada were late in getting to the worksite, where they were to build large metal storage tanks.

"As a result, the project fell behind schedule," says the statement.

SSEC Canada proposed revised construction in which the tanks' walls and roofs would be built at the same time. CNRL agreed to the revisions, but said the work should be done under its own construction management team which would supervise quality control and safety.

SSEC Canada began work using the new method before CNRL's team arrived on site, even though the procedures hadn't been certified by a professional engineer.

On April 24, 2007, about three weeks after SSEC Canada began using the new approach, a roof collapsed when the wire cables holding it up snapped after being

kinked and torqued in high winds.

"A competent professional engineer would not have certified erection procedures allowing the skeletal structure to be stabilized in this manner," reads the statement of facts.

Liu Hongliang, a 33-year-old electrician with a wife and a young daughter, was killed instantly by a falling girder as he stood atop a welding machine. Scaffolder Ge Genbao, 27, was crushed by falling steel and died in an ambulance en route to hospital.

Wang Dequan broke his left knee and Li Riuming broke his pelvis, left hip and several ribs. Three others suffered minor injuries.

The case was delayed for years by uncertainty over which company was responsible and whether they would be responsible as an employer, contractor or prime contractor. The uncertainty also inflated the number of charges, as prosecutors wanted to make sure they had something they could proceed with before the statute of limitations on the Occupational Health and Safety Act ran out in 2009.

Sinopec Shanghai Engineering Co. also went to the Alberta Court of Appeal in a losing effort to argue that it hadn't been properly served with legal documents, since it had no presence in Canada. The Supreme Court of Canada refused to hear a challenge.

Hopkins said the three charges to which SSEC Canada pleaded guilty cover the two deaths and two most serious injuries. The CNRL charges were stayed because the prosecutor's office judged that holding the actual employer to account was enough.

"If the employer has accepted responsibility and is being dealt with appropriately, does the public interest require continuing the prosecution?" Hopkins asked. "In this case, the decision was made that the public interest did not warrant continuing against CNRL."

Sentencing against SSEC Canada is to be held Jan. 24. A joint submission has been made for a $1.5-million fine, the maximum penalty.

Hopkins said the case has given prosecutors more options for bringing actions against foreign companies operating in Canada without a legal presence here.

"We actually have some law on this that we didn't have before."

Note to readers: This is a corrected story. An earlier version said the firm that pleaded guilty was named Sinopec Shanghai Engineering Company Canada. and was a Chinese company.

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