

# Fiji: government and union assist Emperor Gold Mine to slash jobs

Noel Holt  
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With the assistance of the government and the Fiji Mine Workers Union (FMWU), the Australian-owned Emperor Gold Mine (EGM) has forced workers to accept the restructuring of its operations in the northwest region of Viti Levu Island and the slashing of around 300 jobs.

On April 13, 1,800 miners were stood down after receiving a letter from the company's chief operations officer Andre Labuschagne informing them the mine was closing for six months. Labuschagne claimed the closure was unavoidable because the mine was running at a loss. The company offered to pay miners \$50 (\$US29) in food vouchers each week until they were called back to work.

Only 1,500 miners will be reemployed, however, leaving 300 without jobs. In a press statement announcing the closure, EGM warned that if the workforce did not accept the restructuring plan—including the sackings—the mine would be closed permanently.

The restructure and layoffs have nothing to do with losses. With gold prices at record highs, EGM is looking to maximise earnings by temporarily ceasing work in low-grade, low-yield areas of the mine in order to shift the focus of production to a shaft that contains relatively high-grade ore. Extra equipment is being brought in to speed up extraction.

The company is indifferent to the hardship caused to the miners and their families, and in the nearby towns of Tavua and Vatukoula. Tavua mayor Chandra Singh said the economies of both communities would be severely hit because 6,000 people depend for their livelihood on the mine and the mine workers' incomes. He said many retail businesses had already reported a sharp downturn.

Anticipating opposition by workers, EGM had

forewarned Fiji's caretaker prime minister Laisenia Qarase of the closure. Qarase responded by stationing 30 Police Tactical Response Division officers in Vatukoula to protect the mine's management and equipment. Additional officers were mobilised from adjacent districts.

In 1991, police and troops were used against striking mine workers who were protesting over poor working and living conditions. Scenes of hundreds of sacked miners and their families being violently attacked and evicted from company housing angered working people across Fiji.

In the midst of an election campaign, the Qarase government was anxious to avoid a similar confrontation. Last December the FMWU reached an agreement to accept the sackings, but rank and file miners rejected the union sell-out.

Following the closure announcement, FMWU general secretary Satish Chandra restated the union's willingness to accept the restructuring and 300 redundancies, provided the company negotiated a compensation package. Meanwhile, the government and the union were desperate to head off any resistance among miners to the company's plans.

On April 18, Qarase summoned EGM management, the FMWU and the Vatukoula Workers Staff Association. During the meeting, he signed a memorandum of understanding pledging to set up a \$300,000 "Workers Relief Fund" to pay the stood-down miners the equivalent of their weekly wage until they were reinstated. Workers requiring further assistance were promised that they could draw money from a National Provident Fund. The company was not required to provide anything apart from its original offer of a \$50 weekly food allowance and to exempt workers living in company housing from paying rent,

water and electricity.

The union exploited the threat of permanent closure and the government offer of financial assistance to dissipate any opposition. To date, however, the promised aid has not materialised and miners are struggling to survive on the company's paltry handout. EGM has refused to guarantee severance pay to those miners who will not get their jobs back. Nonetheless, the union claimed that the "future for hundreds of mine workers has been clarified".

EGM has continually used the threat of closure to shed jobs and extort government concessions. Since the 1950s, Emperor has demanded and received subsidies, grants and soft loans, including a \$1.6 million government loan in 1967 that was later written off. In 1971, the company was given a further \$470,000 in grants and interest-free loans, while in 1983, EGM was given a 21-year tax exemption agreement.

According to a 2004 report by Australian National University economists Roman Grynberg, Peter Fulcher and Peter Dryden, EGM has been able to "earn profits with little direct contribution to government revenue". The report debunked the company's "losses" in Fiji as the outcome of "some creative accounting". It pointed out that EGM's earnings had been made to look relatively lean and it had often avoided paying tax altogether. The Australian parent company, Emperor Mines, had been "consistently highly profitable".

The collaboration of the government and mining unions in the latest round of restructuring is enabling the company to position itself to extract even more profits from its operation at Vatukoula.



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