

## The people investors

*Stephanie Moakes at BusinessNZ*

“Investing in people is key,” says Rob Peterson, Manager of Technology & Sustainability at New Zealand Aluminium Smelters (NZAS), a [Rio Tinto](#) managed company<sup>1</sup> in Bluff, New Zealand. It’s a smelter that produces some of the highest quality aluminium in the world, so just how key is people investment in achieving that status?

The company’s aluminium is in 60% of the world’s memory discs for computers and 40% of capacitors (found in such things as DVD players and TVs) worldwide, so it’s got to be doing something that differentiates itself from its fierce global competition.

NZAS doesn’t just invest in its employees, but everyone from suppliers and local community, through to the consumers that use the mobile phones made from its aluminium. It does this through its sustainable business practices.

Maximising long term sustainable value from its resources and relationships is a key component behind NZAS’s vision to be the producer of the world’s best quality aluminium.

Long before any ETS was agreed, NZAS was already making serious inroads into reducing its greenhouse gas emissions. Since 1990, it’s reduced its emissions by 42 percent, whilst increasing aluminium production by up to 27 percent. This equates to a dramatic 58 percent reduction in greenhouse gas emissions per tonne of metal sold.

So where exactly does the link lie between sustainability and business success?

“We’ve always been focussed on environmental efficiency,” says Peterson, “and this covers our social, economic and environmental responsibilities. At the end of the day, using raw materials more efficiently reduces costs – in our case, by about \$10 – 15 million a year. Our focus on improving energy efficiency and making higher-value products is critical for the business due to the high cost of electricity in New Zealand. Electricity typically represents around 25% of the input costs of a smelter, but in New Zealand it’s around 50% of the costs.”

This is the more obvious, direct benefit of being energy efficient and environmentally responsible. But there are, as Peterson points out, many other spin-offs.

A key benefit is the affect NZAS’s actions have on employees – their morale, productivity, engagement, contentment and loyalty.

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<sup>1</sup> actual ownership of NZAS is Rio Tinto Alcan 79.36% and Sumitomo Chemical Company 20.64%

NZAS engages employees through its use of systems such as Lean and Six Sigma, and conducting an employee engagement survey every eighteen months. It's also got a raft of awards and recognition for managing the health and safety of its employees.

But it's the outwardly visible actions that also have a bearing on employees.



The smelter is located adjacent to a Ramsar listed wetland on the Tiwai Peninsula, and has completed a large number of studies on the peninsula over the years, winning an Environmental Award in 2008 for its work there. It's currently working with the Department of Conservation on the possibility of opening the local wetland area up to the public.

NZAS has an active partnership with the Department of Conservation for Kakapo recovery; Rio Tinto Alcan NZ has provided nearly \$3.5 million in funding the [Kakapo Recovery Project](#) and Rio Tinto has provided \$880,000 for the Punakaiki Coastal Restoration project. NZAS has also assisted EECA with a home insulation project in the Bluff area over a three year period.

This type of community work affects the way employees feel about their employer.

"People are really proud to work here," says Peterson. "The fact that we have a proud workforce gives us a competitive advantage. Pride in the quality of their work is the reason why we are able to make some of the highest quality aluminium in the world."

The statistics speak for themselves. Over a quarter of employees have been with NZAS for over 25 years, and as lifetime members of the '25 Year Club' get invited to a special event every year. NZAS also has annual long service awards for employees who have been there for 5, 10, 15, 20... right up to 35 years. Some employees have even been with NZAS since the first year of operation, almost forty years ago – NZAS will celebrate its 40<sup>th</sup> anniversary in 2011.

But it's not just the employees that demonstrate the spin-off benefits of the way NZAS conducts itself. As the biggest single business entity in Southland, NZAS is seen as critical to the region's economic success. The number of stakeholders in the region – such as contractors and suppliers – is considerable, as are the spin-off benefits generated by their engagement with NZAS.

Peterson says the safety performance of their suppliers has improved significantly through working with NZAS. "We require certain standards and work very closely with them to help them raise their own sustainability practices."

Sharing knowledge is something NZAS is happy to do. For years, it has opened its doors to the public. A popular tour with schools, community groups, tourists and senior citizens; it's also given sustainability talks in the community, and has welcomed other organisations to its premises, such as Fonterra, Air New Zealand and the New Zealand Fire Service.

Future growth in technology and the economic development of developing countries will be an integral part of NZAS's future growth. Hand in hand with this is a continued commitment to maximising long term sustainable value from resources and relationships.

To find out more about how NZAS is making sustainability synonymous with success, you can contact Andrea Carson, Community Relations at NZAS: [Andrea.Carson@riotinto.com](mailto:Andrea.Carson@riotinto.com).

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