



PROMETHEUS PROFILE

Issue No. 23, April 2001

Te Ra: Education on the Kapiti Coast

Within our Education Fund we have loans to a significant number of Steiner/Waldorf schools throughout New Zealand. One of the fastest growing of these has been Te Ra school on the Kapiti Coast. Te Ra first opened in late January 1996 with a roll of 20 children and now boasts three kindergartens, seven classes and a roll of 160 children after only five years of operation.

From its inception, Te Ra has attracted staff and parents with strong commitment and dedication. It was this factor more than any other that convinced Prometheus to approve their initial loan application in 1995. Those qualities have remained apparent throughout the developments and progress that have been made over the past five years and have contributed to both the rapid growth in the school and to their courageous responses to a range of obstacles.

The most recent of these obstacles was the pressure being felt as a direct result of the growing size of the school. When the school was refused planning permission to accommodate a larger roll on its Paekakariki site, the staff and parents rose to the challenge. With no suitable sites available elsewhere in Paekakariki, a new site was found slightly further north in Raumati South and development work started there in late 1999. The new site is large enough to accommodate the school's needs for the foreseeable future.

However, for the past year the school has been split between the two sites with all the inconvenience and disruption that can cause for both teachers and families. In recognition of these difficulties the school's Board of Trustees decided to bring forward the planned development of the new site so that the school could be re-united as soon as possible. To that end the school's Board approached Prometheus last year for financial assistance with the development and relocation costs. These costs involve building three kindergartens and moving several more classrooms on-site to join those built there in the past 18 months. A hall and other additional office and teaching space are also on the agenda.

Part of this program involved the sale of the original site and repayment of the several Prometheus loans that had financed its purchase and subsequent developments. Fortunately the school was able to find a supportive purchaser who was happy to lease those premises back to the school until the new classrooms were 'in situ' on the new site. This has significantly eased the transition pressure for the school and all members of the

community are looking forward to completion of this relocation over the year ahead. Prometheus was happy to approve this loan, which is to be drawn down as needed over the year ahead, and to continue its support of this lively and energetic school.

Solar Energy



We reported in the April 1999 issue of Profile that Prometheus had entered into a partnership with Greenpeace and Synergex, with part-funding from the Energy Efficiency and Conservation Authority (EECA), to provide interest-free loans to purchasers of Solahart hot water systems. Although this offer was initially intended to allow 50 households to convert to solar hot water, the provision of additional funding from EECA and strong demand from consumers meant that we were able to make loans to 74 households for a total of \$345,125.

This project demonstrated the positive potential for business, finance, government and the environmental movement to work together constructively. The project has proven to be an effective and financially sound way of making the solar hot water option more accessible to New Zealanders. Synergex has been keen to repeat the offer and although it was unsuccessful in its application for further EECA funds late last year, approached Prometheus to set up a similar arrangement.

The new arrangement offers a range of interest-free or low interest loans to purchase Solahart hot water systems, with the interest rate terms varying depending on the period of the loan. Interest-free loans are available for households with repayments structured over 12 months, while longer repayment periods of two or three years attract subsidised interest rates of 6.3% and 8.4%, respectively.

This package addresses one of the main barriers to greater take-up of the solar energy option by New Zealanders, namely the up-front capital purchase price. These solar units make good economic as well as environmental sense. Savings on the electricity bill of over 40% (depending on the number of members in a household) soon make a significant contribution to repaying the initial capital cost.

Prometheus is pleased to be able to further support the take-up of this renewable energy technology. International scientific bodies are increasingly accepting the reality of climate change and global warming and warning of its potentially devastating environmental, economic and population impacts. Alternative energy technologies which shift reliance away from carbon-dioxide producing energy systems, such as New Zealand's fossil fuel burning power stations, are an important part of any response to that threat of global warming.

If you are interested in finding out more about this offer the contact details for Synergex are: Synergex Systems NZ Ltd, PO Box 35588, Browns Bay, Auckland 1330. Freephone: 0800 769 3771

Kohatu Toa Eco-Village

In the October 1999 issue of Profile we reported a loan to Bob Corker and Kay Baxter to complete the transformation of their farm north of Kaiwaka into an Eco-Village. They had two key aims for this project. The first was to create an environment where they and other interested participants could establish a community with strong elements of individual freedom, personal responsibility and mutual respect while exercising a guardianship of the land through permaculture practices.

The second key aim was to establish an independent foundation for the Koanga Gardens heirloom seed preservation and propagation trust, through ownership of the land it had been operating on for the previous 16 years.

Both of these aims took a further step toward realisation with the recent completion of the subdivision process and the issuing of titles for the seven individual lots in the Kohatu Toa Eco-Village. Six of the lots on the eco-village are for private dwellings with the seventh being used by Koanga Gardens. The remainder of the land (over 90 acres) is held in common ownership for use by village residents under a co-owners' agreement.

This issuing of titles and sale of lots also involved the repayment of our initial loan to this project, although it did not signal the end of Prometheus' involvement. We have made two further loans to provide finance for the purchase of lots in the eco-village. Of the six private lots, four had committed buyers well prior to completion of the development work. Prometheus was approached by the buyers for one of these lots, Ken Ogilvy and Maureen Hickey, to assist with finance. We were happy to support their choice of a rural lifestyle within this environmentally conscious community.



Our remaining involvement was to assist with finance for the Koanga Gardens Trust to realise its goal of purchasing its own land within the eco-village. This had been an intended second stage of the process from the start of our involvement with the subdivision process. Given the trust's aims (see 'Koanga Gardens') we were already enthusiastic to support this goal if possible.

The key aims of this project have only been partially realised to date. Of the six lots available for private dwellings four have already been sold with three of these having accommodation already in place. Sale of the remaining two lots will complete this stage of the eco-village's development and allow for the consolidation of the community that is taking shape there.

For Koanga Gardens itself it is also only a first stage toward realising the ultimate goal of independence and financial security. The next stage is a steady process of fundraising and grant applications seeking to speed up the repayment of the current loan and give the trust the means to expand further into the educational role it would like to fulfil.

If you are potentially interested in purchasing one of the remaining unsold lots at the Kohatu Toa Eco-Village please contact Bob Corker, c/- Koanga Gardens, RD 2 Maungaturoto, Northland. Ph: 09 4312 901

KOANGA GARDENS

Koanga Gardens is a seed preservation and propagation Trust that has, for the past 16 years, been collecting and growing old fruit trees, vegetables and flowers. It was established by Kay Baxter out of concern for the frightening speed with which seed varieties were becoming extinct in New Zealand.

The key aims of the Koanga Gardens Trust are to establish and maintain a collection of New Zealand heirloom plants (along with records of their history and culture) and to ensure their survival and availability for future generations as a resource for cultivation and genetic diversity. They also aim to promote the collection as Toanga (treasured heritage) and to establish and maintain an educational resource and research centre



where people learn to garden with heirloom plants.

To further these aims the Trust runs a mail-order catalogue service for members and holds regular workshops (including permaculture workshops) on their land just north of Kaiwaka.

If you feel inspired by these aims and would like to become a member of the Trust you can contact Kay by either writing C/- Koanga Gardens R D 2 Maungaturoto, or ringing (09) 4312 900 for further information.

Sustainable Land Management Review

A review of international research into sustainable land management is to be undertaken by the Bio Dynamic Farming and Gardening Association in New Zealand. That project involves identification, assessment and collation of a body of best research in this field. The key aim is to establish a database of information that can then be used to support and inform sustainable approaches to agriculture in New Zealand.

To date, initial funding for this project has been provided by a grant from a charitable foundation. An application for the bulk of the project funding has been responded to positively by a key Government agency and the BD Association is optimistic that this grant will be awarded.

This project follows on from recent well-received presentations by the BD Association at both the Primary Production Select Committee's enquiry into organic agriculture and the Royal Commission of Enquiry into Genetic Modification. The GM presentation was ably supported by testimony from overseas experts whose presence was enabled by generous donations to the Association. Reports from these two enquiries are due to be published over the next two-four months.

The BD Association also held a training session for Bio Dynamic field advisors recently, at the Taruna College for Adult Education in the Hawkes Bay. This was a well-attended start to a process of building the numbers of trained advisors able to assist in the transition process for growers switching to bio dynamic growing methods.

We commend the BD Association for their continuing efforts to encourage and support the development of sustainable land management practices in New Zealand.

For those interested in either learning more about, making donations to, or becoming members of the Association contact details are: Bio Dynamic Farming and Gardening Association, PO Box 39-045, Wellington Mail Centre, Wellington. Ph: 04 589 5366.

Venture Capital Investments - an invitation

Prometheus often receives finance enquiries which, although in line with our ethical criteria, are outside our financial criteria in that they are more appropriately viewed as requests for venture capital. Given our modest size in relation to most venture capital funds and our clear responsibilities to those who save and invest with us, Prometheus does not offer loans to projects of this sort - that is, where there is a relatively high perceived risk and very little tangible security.

Nevertheless, many of these requests come from projects which have admirable aims. When we decline such requests for funds we are often asked if we know of other potential sources of finance. To date our answer has usually been in the negative. We would like to explore the possibility of offering a service to both the project instigators themselves and interested potential investors in such projects by compiling a referral database of each.

To this end could any individuals interested in offering venture capital for environment friendly or socially valuable projects, ranging in size from \$25,000 up to amounts significantly larger than that, please contact Prometheus to let us know of your interest. Thus, when we receive requests for venture capital in future we may be in a position to make appropriate referrals. Please note that while some of these projects may offer a higher return than average that is not always the case nor is it the main objective.

At this stage we intend to offer this as a free service and do not undertake to vet or scrutinise any requests for funds. Our aim is simply to facilitate contact between project instigators and potential investors. We may, of course, be willing to offer such appraisal services if potential investors feel a need for that.

Financial Excellence



Just as our October 2000 issue of Profile went to the printers we learnt that Prometheus had won the 'Spicer & Oppenheim Financial Excellence Award' for excellence in communication of our financial results and overall performance.

Chartered accountants, Spicer & Oppenheim, in conjunction with the New Zealand Association of Credit Unions (NZACU), have launched this award to encourage good communication between Credit Unions and their members. The award was announced at the NZACU Gala Dinner at the Houses of Parliament late last year. Prometheus has since received a trophy and a cash grant to be used for staff training.

In reviewing our financial reporting and regular newsletters, judges reported that they were impressed in particular with the efforts we had made to make our Annual Report understandable and readable for members. They also welcomed our inclusion of an environmental report within that Annual Report and our efforts in our newsletters to keep our members informed as to what their investment funds were used for.

Gourmet Organics

Organic and gourmet restaurant supplier and long-standing Prometheus client, Clyde Potter, was in the headlines at the end of last year having won the Restaurant Association of New Zealand's "Innovators Award" for 2000. The Innovators award was established in 1997 to recognise those individuals who have made a unique contribution to the food service industry. The winner is selected by a panel of industry professionals and food writers.

Clyde, owner of Epicurean Supplies Ltd, was praised by judges for the service he gives to the restaurant industry, particularly the range of rare and unusual vegetables and herbs he produces as well as the freshness and flavour of his organic produce and reliability of supply.



Prometheus had made a loan to Clyde in 1999 to enable the construction of a large packing shed to cope with his growing need for produce sorting and processing space. The completion of that shed boosted handling efficiency and timeliness of supply, allowing Epicurean to cope with increasing demand and larger volumes of produce.

Over the following year, however, Clyde found that the increasing demand for his produce was outstripping his ability to supply. He then approached Prometheus again to support his further expansion. This involved development of additional good organic growing land close to the existing site in the Hawkes Bay. That recent growth is likely to continue as the Restaurant Association's award has given Epicurean Supplies considerable exposure and further raised its profile as a leading organic and gourmet drygoods restaurant supplier. Prometheus is pleased to have supported Epicurean's development to date and wishes Clyde and his team every success for the future.

Awaawaroa Bay, Waiheke Island

A group of people with the common objective of building a rural community and common goals in regard to habitat protection and land conservation, joined together to form a company in 1994 to purchase 420 acres of land in Awaawaroa Bay on the southern coastline of Waiheke Island.

Over the past seven years they have been building an eco-village on this land around a vision of living in harmony with the land, conserving and enhancing its ecosystems, adopting organic and sustainable land management practices and establishing a community based on co-operation and honesty that aims for consensus decision-making.

The ownership of units in the eco-village is structured around ownership of shares in the company with 14 shares sold, out of the total of 15 available. So far 8 shareholders are currently living on the land with most of the remainder planning to move on within the next 2-3 years.

In the last six months we have made loans to two community members, Karen Henke and Lynne Stewart, for further developments on each of their sites in the eco-village. Our loan to Karen was to help her stabilise and upgrade the relatively steep accessway to her home and improve the drainage to prevent damage to the main road through the village. Our loan to Lynne was for completion of the exterior of her house including building decks to integrate it into the surrounding landscape. Prometheus is pleased to see the Awaawaroa Bay Eco-village growing and developing so successfully and looks forward to a continuing positive relationship.

Prometheus News

The last two years have seen significant developments in both the marketing and operations areas. Now it is the legislative framework under which Prometheus operates that is changing. As a result of last year's revisions to the securities legislation, which governs all financial organisations in New Zealand, all Credit Unions are required to operate under a Trust Deed supervised by a Statutory Supervisor from 30 April 2001.

Legislative change

Prometheus faced several options in response to this legislative change. The recommendation of the New Zealand Association of Credit Unions was to submit an application for acceptance by their chosen statutory supervisor, New Zealand Tower Trust, under the new Trust Deed regime.

While this is considered a good option for the immediate future, it is not necessarily the best option in the longer term. The current Credit Union legislation contains limitations and restrictions which may constrain Prometheus' growth in the longer term. The proposed changes offer no resolution to this.

As a result of all the delays in the application process an extension to the transition date is likely. Consequently, while we are still following the prescribed credit union course, we have decided to make use of any extra time that is made available by such an extension to investigate alternative legal structures. We will keep our members informed of progress in this regard.

Financial Results

Provisional results indicate another strong operating surplus of around \$75,000 for the financial year to end March 2001. This result was achieved despite lower than forecast growth in both deposits and loans this year and confirms that Prometheus has reached a strong and sustainable financial position after the last few years of significant balance sheet growth. Total entrusted funds have grown a substantial 51% in the last three years, from just over \$4 million at the end of March 1998 to a provisional \$6.2 million as at end March 2001. While loans have not grown as strongly over the same period they have still shown a creditable growth of 28% over that period.

This year's strong operating surplus will contribute to an increase in our reserves/total assets ratio from 6.2% to a provisional 6.5% giving a much needed injection into our capital base.

Outlook

The financial results above point to Prometheus' key challenge at the moment. The remarkable growth in deposits over the last few years has outstripped the growth in financially solid loan applications, leaving us with the task of achieving more of a balance in our financial position. Already, that balance is expected to improve in the near term with several sizeable loan contracts, including the solar energy loans reported in this issue, due to be disbursed over the next quarter.

In addition to this expected surge in lending we have taken several other steps over the last six months to attract further loan business. We have shifted our marketing focus to raise our profile more amongst prospective borrowers. Following the success of our earlier series of solar hot water system loans we have formalised an "Eco-purchase" finance package, similar to a hire-purchase arrangement, that can be negotiated with manufacturers and distributors of eco-friendly technologies. In this way we can further support and encourage the uptake of technologies that aim to restore balance to the relationship between our society and our environment.