



# Prometheus Profile

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## Prometheus deposits guaranteed

In response to the substantial uncertainty that was developing in the international financial sector last year and in order to head off any “contagion” effect in New Zealand our government introduced a retail deposit guarantee scheme in the last quarter of 2008.

This scheme provides a government guarantee on retail deposits into any bank, finance company, building society or credit union that is accepted into the government’s scheme. Prometheus was accepted into the scheme in late 2008 after going through the required assessment of our financial position to determine that we met the necessary conditions.

In New Zealand the dominant concern at present is in trying to predict the likely strength of the growing international recession and its potential impact on our economy. In any recession one expects the risk of loan default to increase and we have seen several of the larger banks announce increases in their “provisioning” to prepare for that.

Although Prometheus is in a good position to weather the current recession, with a diverse range of well-secured loans and a good capital buffer, we felt it was prudent to join the government’s scheme. Although scheme membership comes with costs which will reduce our profitability it offers all of our depositors considerable peace of mind as the New Zealand economy faces an uncertain path over the next two years.

## Prometheus wins Sustainable Business Award

Prometheus is the winner of Hawkes Bay Chamber of Commerce “Excellence in Sustainable Business Award” for 2008.

The announcement was made at the awards dinner on 6th November, 2008, at the iconic art deco British American Tobacco building in Ahuriri, Napier.

In their announcement of the award the judges said the following:

*“Prometheus is a true champion for sustainable business in the community, both local and national. It is a key driver in helping make ideas and projects happen that promote and enhance sustainable business and lifestyles.... Prometheus is founded on strong beliefs that in no way inhibit its commercial operation. It has a well thought out and flexible structure and the way it links in with the trust (the Prometheus Foundation – a charitable trust) also protects its future visions and goals.*

*Prometheus is making a real difference to our region and is also helping others to do the same.”*

In his acceptance speech Lending and Marketing Director, Terry Creighton, acknowledged the key role played by all the depositors and borrowers over the years who had contributed to Prometheus’ growth and success. He reserved special appreciation for CEO Ton van der Meer who has lead Prometheus’ development for the past 20 years of it’s 25 year history.



Prometheus management, Terry Creighton (left) and Ton van der Meer

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# Tikokino Eco-Renovation

Gareth and Gine Dingle have changed their habits to embrace a more sustainable, eco-friendly lifestyle. In setting up their home in Tikokino, they have been deeply considering the meaning of 'alternative'. "It's early days yet," says Gareth, "but we are weaning ourselves off the reliance (on a certain level of power use, for example) and looking to change our habits rather than just substitute."

Gareth refers not only to electricity, but also to water, waste disposal, eating habits and food and clothing sources. Both Gareth and Gine are consciously creating their future – through awareness, hard work and being willing to change.

They met eight years ago. Gareth, an organic horticulturalist, had been working in Scotland and England on organic farms and markets and went to Germany to continue his work and met Gine, a fine arts graduate and practising artist.

They could be the perfect example of 'think globally – act locally'. They moved (back) to New Zealand in August 2006 with the sustainable dream: the right amount of land with the right sort of home in the 'right' area where they could also be employed – then things started happening.

A decision to live closer to Gareth's mother, after Gareth's father passed away, brought them to Tikokino. They sub-divided off 2 acres of his parent's land and began. There was a lot of work to do- "the land was basically a bare paddock with one pine tree" - but there was a "a good feeling about the place" says Gine.

They found a house that they "fell in love with" and with a loan from Prometheus had it moved from Bulls to Tikokino in August last year. It is an older style home in "extremely good, stable condition" with native timbers, cedar doors and a refurbished kitchen - perfect for eco-renovation. "Actually the house originally came from Ruahine Street in Palmerston North and now we look out to the Ruahines from our kitchen window," says Gine.

Moving a house onto their land enabled Gine and Gareth to have complete control over both its aesthetic and practical aspect. "We put a lot of thought into the position of the house and put stakes in the ground where the corners should be, angling it east towards the

road so that the main living area caught the sun," says Gareth. This passive solar heating combined with wool insulation, a wood-fired stove, wet-back, and solar hot water will provide a sustainable, electricity-free means of heating.

Over the next month the plans are to complete the wetback and insulation. "We would like to use APCO, a wool insulation company at Otane, because they have a good price and we like to work locally," says Gareth. Gine has also organised to paint the inside walls with 'organic' paint (free of volatile organic compounds) sourced from Resene. Their target date for completion of their eco-renovations is the 9th of May, when their first child is due. They'd like a home-birth in a warm, eco-friendly house.

Both of them work locally, with Gareth able to cycle to work at the organic Mr. Apple orchard while Gine has become an integral part of the community working for Anglican Home Care. They love their home and community: "We want to stay in this place for the rest of our lives," says Gine. "Our home and our community are very important to us. Here we have already formed some special friendships."

Gareth and Gine are building their own organic permaculture paradise. "We are slowly incorporating our plans to make the whole area interdependent – nuts, fruit, wood, fuel – multiple uses of trees," enthuses Gareth, "including natives for hedging and shelter and happy, healthy animals." They source their water from their own 37m bore which supplements their rain water by 50% and enables them to provide irrigation for their trees and home garden. They have 3 sheep and Josef, their pet donkey and plan for chooks and pigs and their own meat, milk and wool production. Their goal is to have enough variety not just for their own family, but for exchange within the community as well.

Of course, as dreams go, it doesn't stop there. "One day I want to have my own gallery here," says Gine, who is involved with the Otane Arts and Crafts group. That dream could develop into a small cottage industry as Gine spins and knits her home-grown wool, is an accomplished artist, a painter and a potter with a working kiln while Gareth does wood turning in his spare time. As Gareth said "It's early days yet" in their journey to realise their dreams but we wish them well.

They could be the perfect example of 'think globally – act locally'.



# ebode

## truly sustainable housing

ebode is New Zealand's newest and, we believe, most sustainable housing company. Founded in 2008 by Niel and Jette de Jong, who have run a sustainable architecture practice for a number of years, ebode aims to go far beyond energy efficiency and 'tacked on' eco technology to provide homes that have sustainability built in to every aspect of their design.

ebode's CEO, Niel de Jong, says that, while energy efficiency and smart use of technology are integral to all ebode homes, it is good design and careful selection of materials that really sets them apart.

"Because ebode homes are specifically designed and sited for passive solar heating and ventilation, they require much less energy than other houses to heat and cool, even before adding high levels of insulation, double glazing and active solar technologies," he says.

This claim is borne out by a recent HERS (Home Energy Rating Scheme) assessment on two of ebode's standard designs, both of which received a rating of 8.5 out of a possible 10. HERS assessor Ben Bell explains; "The average new home in New Zealand achieves a maximum rating of 4 or 5; older homes sit at around 2 or 3; and it's pretty difficult to score above 7 without very specific eco design. 8.5 is the highest I have seen a residential home rated – to achieve any more would require too many compromises in terms of lifestyle and aesthetics for the majority of people."

While sustainability is fundamental for all ebode homes, aesthetics is also a top priority – and Niel de Jong maintains that it is possible to be both stylish and sustainable.

"Many people imagine lumpy cottages and a distinctly 'rustic' tone when you mention sustainable homes," says Niel, "but we have put a lot of effort into ensuring that ebode homes have an attractive, contemporary style and top class interior finishing that will add value and prestige to any property."

In addition to selecting materials that look good, the ebode team performs a thorough life cycle assessment of every key component in their homes – checking out where it has come from; how it was produced; and assessing its impact on the environment and the occupants of the home – before, during and after use.

"This means we can assure our clients that ebode homes are not only truly sustainable," says Niel de Jong, "but they are healthy and ethical as well."

Ethics is an important part of ebode's value system – which is why the Directors approached Prometheus for working capital funding to help get the company firmly established as New Zealand's truly sustainable housing company.

"Because we believe in supporting New Zealand companies by using locally made materials wherever possible, it made sense for us to partner with a company also investing in a sustainable future for New Zealand," says ebode Managing Director Jette de Jong. "Another advantage for us in forming a relationship with Prometheus is that they also provide finance to people wishing to build sustainably. When clients approach them to discuss finance for an ebode home, we know that Prometheus really understands the value of our homes over time – not just the greater financial value in terms of reduced running costs and increased capital value; but also the value added by an ebode's low environmental impact and improved health for its occupants."

With two prototype homes completed in 2008, ebode plans to have 15-20 ebode homes built or in progress by the end of 2009. They offer a range of standard designs, which can be built exactly to the design and specifications developed by the ebode team, or customized to suit different needs and tastes. ebode also offers a complete custom design service through ebode studio – the design hothouse where Niel de Jong has teamed up with well known eco architect Johann Bernhardt to produce all of the designs for ebode homes. The wider ebode team includes a resident environmental scientist, a German trained project manager, and several BBE (Building Biology & Ecology) trained designers and builders across the country.

To find out more about ebode, please visit [www.ebode.co.nz](http://www.ebode.co.nz) or phone 0800 my ebode (693-263).



# Developing Steiner Education in Dunedin

The Dunedin Steiner School initiative started in 1993 in a converted house in Afton Terrace in North East Valley, Dunedin, where it remained for the following 12 years. At that stage it had been facing two key restrictions on its growth for some years. The first of these was its Education Ministry roll restriction of 24 pupils. The second, no-less important, was the scale of its premises which made it hard for prospective parents to see the school as having the potential to grow and provide them with the long-term Steiner education they wanted for their children.

All this has changed dramatically in the past 3 years. The school has relocated to new premises and lifted its roll cap to 60 students, it now has 24 children in its kindergartens and 30 in the school proper, with 3 full and 3 part time teachers and 3 part time administrative staff. It also has the committed support of a strong, vibrant parent and community body that carry this growing initiative.

The school has had a long association with Prometheus who have supported and shared in their journey of growth over the last 16 years. Prometheus had provided a loan for the purchase of the school's first home in Afton Terrace and, according to the College Principal Group members, Clare Ridout, Brenda Hawke and Alex MacNeille, were very supportive in getting them through the transition to their new premises.

"We have had a long standing and happy relationship," says Clare as she recalls how Prometheus "hung in there" over a 3-year period holding settlement finance available while waiting for the school to get the title for their new 3.22 ha property - which they arranged to buy and moved into in late 2005 though the final settlement wasn't possible until the title finally came through in October 2008.

The opportunity to move into the new premises, part of the previous Maia Primary School in Ravenbourne, came about in mid-2005 when this property came on the market.

"We had \$4000 and 2 weeks to put together an offer," says Alex, "and we needed enough land for (our vision of) primary through to high school. People from all over New Zealand and beyond sent gifts of money and interest free loans to put together a down payment."

The old school needed to be sold to help fund the purchase of the new, but the new needed to be secured before the old could be sold. It was at this stage that the school approached Prometheus for a loan, not only to help cover the additional cost of the new school but also to provide bridging finance until the previous school building could be sold. Prometheus agreed to do that, which made the school's bid for the new property possible.

As it happened the school's tender was unsuccessful, but after negotiation with the developer who had won the tender they arranged to purchase the school buildings and enough land to allow for expansion and growth. Then came the icing on the cake - they didn't have to pay a mortgage until 3 years later when the title finally came through and didn't have to cover any lease payments in the interim.



The absence of any request for lease payments may have been due in part to the sizable deposit the school was able to put against the purchase - this was as a result of all the contributions they'd received from the wider community together with the funds from the sale of their previous premises at a good price.

With this blessing, the school staff and community could then get down to the business of increasing the roll-cap. It was at this time that Clare Ridout, a chartered accountant from the UK and a kindergarten parent, was employed as administrator. As the new school site got up and running the school roll dropped to 4 pupils. Clare and Alex recall this "shaky moment" ("Panic! Break even was with 13 pupils!"), but show that strength can come from adversity.

The commitment of those few families carried the school through the first year. At the end of that year Clare and the 3 teachers, Alex, Brenda and Lee Noyes, proposed to split the one salary 4 ways to maintain the classes as separate groups (and thereby provide a proper age specific Steiner curriculum) until enrolment could be increased.

Until the school was "full", no application to grow could be submitted to the Ministry. With 3 classrooms and 3 main lesson teachers the children flocked in and by March 2007 there were no more places.

Clare, the teachers and dedicated parents worked hard to get the roll-cap increased. With persistence, strength and a great deal of trust and after 2 knock-backs and a delegation to Chris Carter, the then Minister of Education, the ministry finally approved an increase to 60 students which opened more places at the school.

Alex and Clare are confident that the hard work is paying off and in 2007 the school and kindergarten were very favourably



reviewed by The Education Review Office. There are now three class groups to Class 6, combining Classes 1 and 2, 3 and 4, and 5 and 6, and 2 Kindergartens. There is also a thriving Playgroup and Craft Group.

With the need to house separate class groups and have craft and woodwork spaces, designer and builder, Merrall MacNeille, arranged to purchase 3 large yurts from Mongolia as classrooms.

The yurts have given the school the affordable temporary learning space they need. The yurts have a renewable five year permit from the City Council and a life span of 15 years. The school plans to build permanent structures on their foundations in future when they can afford to.

Demonstrating their commitment to a sustainable future, the school community is now establishing gardens from which

they can now harvest and cook their own food. The school has also recently accepted a guardianship role from the University for some 50 different species of harakeke (flax) which were gifted by the Dunedin City Council when they restructured the botanic gardens. There is also an area of native bush (0.5 acre).

Both Alex and Clare are lyrical about the idyllic setting of this visionary school. The school is easily accessible from Dunedin and “has a pastoral presence with a beautiful panorama of the harbour,” says Alex in what is developing as a positive, warm and supportive community.

What more could anyone want? The answer to that is quite simple, their next goal is a to build the pupil numbers up to the current roll restriction of 60 and then work for an increase in the roll cap to 120 pupils.



## Loans in Brief

Jenny Burt works as a care-giver supporting wheelchair-dependent people to remain living in their own homes and lives in a small community in the Motueka Valley dedicated to developing a self-sufficient and sustainable lifestyle. The community lives on a block of 35 acres and comprises 13 people, including two families with young children. As Jenny explains: “We enjoy the many advantages of self-sufficient living with car-pooling done regularly, composting on a large scale, shared animal care, solar water heating, large vege gardens, milk and cheeses from our cows, meat from our sheep and cattle and many fruit and nut trees”.

Jenny had been living in a tipi for the past year since she moved onto the community and approached us for a loan to buy a yurt to extend her living space. The yurt appeals as being a warmer and drier environment for her main accommodation while the tipi would remain as a creative workshop space for her range of craft activities. Prometheus was happy to approve this modest loan and looks forward to bringing a loan update with pictures in the next issue of the newsletter.

Ki and Moana Te Pohe live in a rather idyllic setting at Aropauanui Beach, about 45 minutes north of Napier. However, although the setting is idyllic their living accommodation until recently could only have been described as “rustic” at best. The bach they had been living in for many years had fantastic sea views right on the coast but had clearly seen better days. It had been deteriorating for some time and was prone to strong draughts in most wind conditions and was difficult to keep warm during winter.

They finally built a new bach last year on limited funds and approached Prometheus for a loan to finish several aspects of this, including building on a washroom and completing the insulation and lining of the dwelling. We were happy to help them make their new accommodation even more comfortable and look forward to stage II of this loan when they will be installing a micro-hydro system so that they can eliminate their current dependence on their rather unreliable old diesel generator.

# Electric Bikes NZ



In our October 2008 newsletter we gave a very brief introduction to a new Prometheus client, Electric Bikes NZ Ltd. There wasn't space in that short newsletter to do justice to this company's story so we have revisited it again in this issue – and have included a few pictures this time of these attention-getting bikes.

Electric Bikes NZ is a Whakatane-based Company importing UK-Designed, Chinese- manufactured “Wisper” electric bikes and retailing those nationally direct from their website. Managing Director, Anthony Clyde, spent quite some time researching a range of different electric bikes before deciding to base his business on the “Wisper” bikes because their power-to-weight ratio, performance and durability all marked them out as being at the head of the field. He was also impressed with Wisper's ongoing investment in research and their commitment to remaining an innovative designer and developer of electric bikes. As Anthony explains:

“The 'ride the future' caption in our logo sums up why we have created this company. Electric Bikes are exciting and something we really believe in and want to promote throughout New Zealand. They just make so much sense in an energy-constricted world and they add a fun and exhilarating experience to our lives.”

These electric bikes can be pedaled like a normal bike, drawing on the electric rear-hub motor for assistance through a hand-grip throttle when needed on hills, into headwinds or when carrying heavy loads. The hub motor is powered by a rechargeable Lithium-Ion battery with the top model bikes giving a pedal-assisted range of around 85km on a single charge. The battery's are quick-locked to the frame and can be easily removed for recharging overnight or for security reasons when the bike is locked up during the day. In normal use Antony estimates that the electricity use of one of these bikes is the equivalent of getting 3000 miles to the gallon! In Anthony's view:

“Electric Bikes put the fun into cycling again! A quality electric bike looks, feels and rides just like a normal bike. You can still pedal and get all the exercise you need... but, come to a hill, wind on the throttle, and up you go, without even getting a sweat on! Our electric bikes are all legally still bikes, so no license required.”

The company was established in 2006 and took a little time to get established. Over the past year however sales of electric bikes have grown strongly as people have become more aware of the benefits of these bikes and as a growing number of regional dealers have come on board. Antony's experience, both with clients and new dealers, has been that the quality of these electric bikes means that they almost sell themselves once people have experienced them.

A working capital loan from Prometheus last year enabled the company to increase their stock to meet the growing demand for these electric bikes and for the “pedal4me” electric hub drive kits that they also sell which allow you to convert your existing bike into an electric bike. The company is building a reputation for friendly, informative service and has a strong commitment to customer service as it aims to be there for the long haul. We wish them all the best in their endeavours to provide a future-proof and sustainable transport solution to New Zealanders.

The current 2008/09 financial year has become one of the most challenging we have faced for some time – but Prometheus remains in a good position to adapt to the changes and challenges that lie ahead.

## Deposits stable

The latest figures available as this newsletter is being written are provisionals for end January 2009 which show total deposits were just under \$14.4 million. This is down from the peak of \$15.1 million reached at end March 2008 however most of the net reduction in the interim was attributable to a single large withdrawal.

That withdrawal was made in April 2008 and had been notified well in advance in mid 2007 as it was for a planned property purchase. Otherwise total deposits have remained very stable over the nine months to end January.

## Lending dropping slightly

As noted in our last two newsletters the picture on the lending side has been quite different. Total loans have slipped back in the past year, to \$8.6 million at end January 2009, down from just under \$9.3 mn at end March 2008. At root this is due to the impact of insufficient good quality loan applications to replace our large volume of short-term solar water heating installation loans that are being repaid over quite a concentrated period.

The marked reduction in the level of new loan applications persisted through most of last year. It is presumably attributable to the general uncertainty in the economy over this period with many potential borrowers adopting a wait-and see attitude before committing to new projects or business development plans.

We hope this declining trend in loans will be reversed over the year ahead and will be more actively looking for new lending opportunities to achieve that. However, in the current recessionary environment we will continue to take a duly cautious approach to new loans, ensuring more than ever that they are soundly-based businesses and projects with good security

## Outlook

The biggest challenges in the current situation come from government policy responses to recent developments. Both the introduction of the deposit guarantee scheme and the sharp reduction in official interest rates by the Reserve Bank have led to a significant change for Prometheus. The deposit guarantee scheme requires that we pay a substantial fee to be part of the scheme. And the unprecedented rapid fall in interest rates since September 2008 left us with lower interest income from our floating rate loans while still having a significant portion of our term deposits at the pre-existing higher rates.

This type of interest rate mis-match normally has little effect as rate reductions generally happen gradually and allow time for adjustment. The recent situation has been dramatic and our moves to reduce our lending rates as much as possible, so that our borrowers will not be disadvantaged by remaining with Prometheus, mean that we have to accept that over the next half-year our earnings will be reduced.

Fortunately Prometheus is in a particularly strong capital position at present and a modest net surplus over the year ahead will not pose any challenge to our required prudential capital ratios. The coming year is expected to be one of consolidation and rebuilding our loan portfolio cautiously as we focus on the internal development needed to meet the next round of regulatory change that is currently in development for the non bank deposit taking sector. Those changes will be good for the sector as a whole and good for public confidence as they will introduce a much more rigorous and consistent set of minimum requirements modelled on, but not as extensive as, the regulations applied to the banking sector.

## Stern call for green investment

A report published in mid-February, written by many of the team that prepared the influential 2006 Stern Review on the economics of climate change, says politicians should not delay plans to cut greenhouse gas emissions because of the global slowdown. They argue that action to tackle climate change should form a central part of the current fiscal response to the slowdown.

Lord Stern, the former Treasury economist and now chair of the Grantham Research Institute on Climate Change and the Environment, said:

"With billions about to be spent by governments on energy, buildings and transport, it is vital that these public investments do not lock us for many more decades into a costly and unsustainable high-carbon economy."

The report urges that the economic rescue packages should include significant support (up to 20% of total spending) for low-carbon technologies such as home insulation and renewable energy in a combined attack on global warming and the global economic crisis. The report concluded that a comprehensive framework to cut emissions could unleash a "wave of creativity and innovation in greening the economy" and a better foundation for economic growth than the dot.com boom or the housing bubble.



# Homestead Eco-Rebuild

Three years ago Simon Thomson returned to the family farm at Ruapuke, on the coast south of Raglan, looking to put some of his permaculture convictions into practise on the land that has been in his family for four generations. Since his father's passing a decade ago the family farm had been leased out to a conventional beef fattening operation. Simon, together with his brother, were keen to trial different approaches on a small scale initially before considering expanding them to larger areas of the farm.

As a first step, shortly after his return Simon leased a small 7 acre block surrounding his grandparents old homestead from the family trust and began the implementation of a permaculture design and the renovation of the neglected homestead. As the homestead hadn't been lived in for 30 years this was a major undertaking.

With the work Simon has since put in there has been a major improvement in the property even after this short time. It now has extensive shelter belts of harekeke, pohutakawa, karo, koromiko, karaka and tagasaste. These belts divide the property into areas for vegetable gardens, orchard, medicinal plants, cropping, grazing and woodlot areas. Some areas have been set aside for future habitation and education spaces.

The homestead had been in a very poor state and has now been extensively rebuilt using timber milled on the farm. The rebuild has incorporated passive solar design elements to make it significantly easier to heat and much more energy efficient. Simon approached us in late 2008 for a loan to complete the wiring, insulation and lining of the house, and install a solar photovoltaic system and an efficient woodstove.

Simon has a background working in research and development in the biopolymer industry. From that industry perspective he has developed a keen interest in "peak oil" and the potentially sizable impacts this could have on our energy-intensive western economies.

These concerns had led to his interest in permaculture and his recognition that in times of rapid and unpredictable change the best insurance policy is to promote a diversity of working models of alternative systems and approaches. This is a key lesson from the biodiversity inherent in nature – that diverse systems that aren't too specialised may well be less "efficient" in some senses in the short-term but they are substantially more robust in the face of rapid and unpredictable change over time.

His aim with his existing small holding is to promote exactly that kind of experimentation in different technologies and growing systems. If this proves successful on a small scale he will then aim to expand the area he leases from the family trust. Underlying this aim is Simon's view that the current dependence of our agricultural sector on fossil-fuel derived fertilisers and pesticides leaves it facing a challenging future.

Once the homestead is complete and liveable again Simon plans to move back in and free up the workers quarters that he's been living in to date for use by Woofers and others who want to come and contribute toward these goals. In the meantime he will keep working part of his week for the award-winning community recycling organisation Xtreme Waste (an existing Prometheus loan client) and contributing to the development of Raglan as an "Eco-Innovation Zone".



## Kiwisaver update

It has been some time since we reported back on the prospect of Prometheus introducing an ethical Kiwisaver scheme. The feasibility study we commissioned was initially encouraging as it led to some promising discussions with potential key service providers.

Ultimately though the decision came down to whether we could provide the kind of Kiwisaver scheme we could stand strongly behind at a cost that was competitive with other providers. We came to the conclusion that the cost structure required to achieve that would make any scheme of ours relatively uncompetitive in terms of entry and management costs and it would, therefore,

struggle to attract the significant volume of participants needed to make it viable.

We intend to keep an interested eye on developments in the Kiwisaver sector and if, in future, we think we can develop a way to offer a competitive ethical or responsible investment option we will let you all know.