

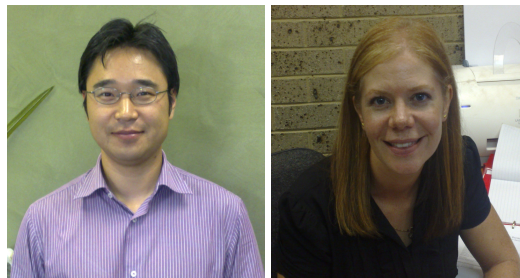
NEWSLETTER

STAFF CHANGES

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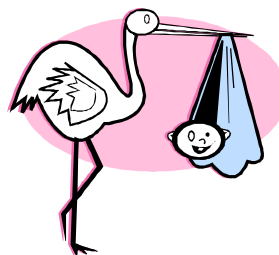
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We have recently welcomed Peter Kim and Danielle Gleeson to our staff. Peter has joined us in a Trainee Planner role, but will be learning the workings of the front office for the first months of his employment and so hopefully will get to meet most of you who come in for your next update. Danielle has taken on a part-time Administrative role and will be working Mondays, Thursdays and Fridays.



Ainsley left us in early February to return to TAFE full time. We wish her all the best and hope she enjoys being a student again.

Congratulations to Melissa and Daniel who are expecting their first baby in May. Mel will be leaving at the end of April to commence her maternity leave, and plans to be back in the office part time later in the year.



PETER G CLARKE CONSULTING CELEBRATES 30 YEARS!

The 13th of January marked the 30th birthday of Peter G Clarke Consulting and ten years since Peter Clarke's retirement. We wish to thank all our clients for your loyalty over the years, and trust that we can continue the relationship in the future. We asked Peter to reflect on the history of the business:

With a background in engineering, management and construction, Peter Clarke entered the Investment Planning world at its beginning in the late '70s. With a great interest in the business of investment research and much enthusiasm, Peter applied for a "restricted" licence to deal in securities at a time when most people were investing in debentures or property. Few appeared to understand the advantages and wisdom of a "balanced portfolio" comprising cash, fixed interest, property, Australian and international shares.

The 13th of January 1980 saw the beginning of PGC Consulting located in the Caringbah Centre Court. Both local accountants and PGC Consulting clients began to understand the "economic cycle" and its effects on investment performance. PGC Consulting was granted a Full Security Dealers' Licence by the Australian Securities Commission and was invited to become an inaugural member of the Financial Planning Association – a regulatory body of the finance and investment industry (as it was then known).

As time went on the finance industry grew rapidly and independence became an important philosophy for PGC. To ensure independence and transparency, fees were introduced in 1990 with brokerage and commission being rebated to clients. This was in direct contrast to other financial planning businesses that were mostly owned or backed by banks and insurance companies – regardless of their claim of independence.

In the early nineties Peter studied long-term trends of investments and

markets over five to twenty years. Six portfolios were then designed to suit clients' needs ranging from conservative to entrepreneurial investment strategies. These model portfolios were tested over periods of boom and bust, share crashes and recessions and found to be safe combinations to grow and maintain wealth. This remains the practise of PGC Consulting.

The staff in 1980 comprised Peter and his wife Jan. Since then it has grown to a current staff of two Administrative Officers - Melissa Beverley and Danielle Gleeson, Julie Conley our Accounts Manager and four financial planners – Craig Carter (majority shareholder), Andrew McNicol, Belinda Rayment and Peter Kim.

The company remains independently owned, fee based, local and personal (a “boutique” planning business) with highly qualified and dedicated staff. Over all the years business has been successfully derived from “word of mouth” rather than advertising.

PGC Consulting prides itself on providing personal, responsible and professional service to our clients and protecting our client's wealth over the long-term.

WHAT HAPPENS WHEN AN AUSSIE HOUSING BUBBLE BURSTS?

Contrary to popular belief, Australia does suffer housing bubbles that burst but they don't do it in the Armageddon fashion often imagined. There is enough pain in the reality though that should make punters wary of promised riches.

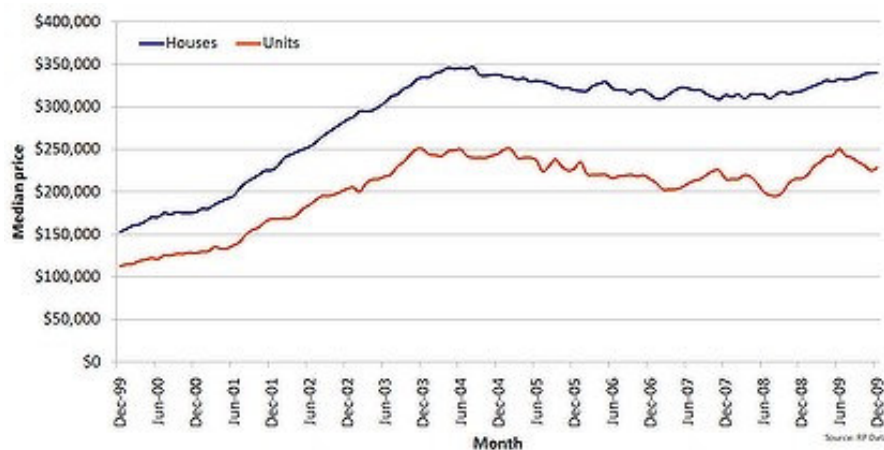
This pain extends well beyond those buying houses. Reserve Bank Governor Glenn Stevens has made it plain that it is a central bank's duty to lean against a bubble and the best way of doing it is to jack up interest rates, this inevitably retards the whole economy.

The RBA was doing its job by hiking rates four times between May 2002 and December 2003. It still took until mid-2004 for the market to top out. The south-west Sydney story over the past decade shows a crash doesn't have to be spectacular to hurt (see graph).

The early period of a bubble can be rewarding but for those who bought near the top in the first half of 2004, the reality has been six miserable grinding years. Add interest charges, the hefty holding costs inherent in real estate and the even worse opportunity cost of the funds tied up in a dud investment, and that \$350,000 house remains an economic disaster. It is a testimony to Australians' dogged belief in home ownership that the fall wasn't worse.

The RBA is pleased to see a slight cooling in home loans and a quiet tightening of loan to valuation ratios by Australia's banks, a sign perhaps of the banks themselves either taking a hint from the authorities or seeing a potential danger themselves.

The RBA thwarted the Doomsday scenario – and it will also do what it must to prevent another asset bubble. We have indeed been warned.



CHANGES TO AGE PENSION QUALIFYING AGE

The qualifying age for Age Pension will be gradually increased from 65 to 67. The qualifying age will increase by six months every two years. They will not affect anyone born before 1 July 1952. Everyone born from 1 January 1957 will have an Age Pension age of 67. The new qualifying age is shown in the table below:

Born	Women qualifying age	Men qualifying age
1 July 1944 to 31 December 1945	already qualified	65
1 January 1946 to 30 June 1947	64	65
1 July 1947 to 31 December 1948	64 ½	65
1 January 1949 to 30 June 1952	65	65
1 July 1952 to 31 December 1953	65 ½	65 ½
1 January 1954 to 30 June 1955	66	66
1 July 1955 to 31 December 1956	66 ½	66 ½
From 1 January 1957	67	67

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