

To whom it may concern,

I am writing to you as a director of Lazu, a fast growing technology services and cloud product company based in Melbourne. We were founded in Australia less than 2 years ago, and have grown to over 50 people in that short time.

We have evolved our business from a technology services delivering consulting for enterprise customers, to building cloud products, which we will be aiming to sell in the broader Asia Pacific market.

How has the LAFHA scheme helped our business? During a period of rapid growth as one of Australia's fastest growing companies, we were unable to find suitably skilled people in the Australian market. We spent over \$50,000 in the last year in advertising on seek and other job sites. This was restraining not only the growth of our business, but the clients we are servicing. They could not get the consultancy services they needed to implement projects, innovate, compete and succeed.

We first started looking overseas in January 2010 and have since recruited a little under 10 people from India, the UK, South Africa, New Zealand and Europe. Finding these people wasn't an easy task, it took a huge investment in recruiters, and personal visits to these countries to interview and convince these people to move to Australia. Many of them were getting competing offers to join companies of the calibre of Goldman Sachs in New York, or leading technology companies in Silicon Valley. Many more were also being lured to Singapore and Hong Kong, which is on our door step.

There is a cost for these people to move. Many of them retain properties in their home countries. Those from India typically need to keep properties to look after their parents and extended families. Those from the UK have kept properties for children who are still studying. The LAFHA scheme was seen by them, as a positive step by Australia, to recognise the cost of moving and maintaining expenses in their home country.

Whilst people did move primarily because they love Australia, and they wanted to work for our company – LAFHA did help in our argument for chasing talent to this country.

If there was ever an argument for the value of these overseas recruits, it is this. Many of the overseas recruits have worked with clients to train their employees and radically change how they run their technology. The feedback has often been extraordinary. Almost all the local employees love being able to rub shoulders with the experience, overseas recruits have brought.

This outside experience also brings innovation. Two of the overseas recruits suggested, and have now kicked into force, the development of our new cloud business. This business will turnover \$5m in it's first year, but we anticipate this will grow to \$50-100m or more over the next 5 years. The majority of the revenue, will come from Asia. This will undeniably create hundreds of jobs locally, and keep Australia at the edge of innovation and the knowledge economy.

Our business has always looked to the ATO published guidelines for LAFHA, and not only stayed within them, but advised employees to use them conservatively – no one claims rent per week above \$500. We are not an abuser like those "Executives" the media portrays to be using LAFHA for lavish houses. Almost all our employees using the LAFHA arrangements, are receiving between \$80,000 to \$150,000 packages.

Changing these LAFHA arrangements for overseas 457 residents, without any concession is not ideal. Certainly tighten the rules, strictly enforce reasonable amounts. But this is an extreme move.

Many have already thought about leaving to Singapore or other places in AsiaPac, where they can be closer to the overseas homes and family. It's short-sighted to say if you don't like Australia, and you don't like the tax changes, leave. People unanimously love Australia, but you need to give them time to really establish roots.

The competition for resources is real. Even this week, I interviewed two local people who said they were looking at jobs in Silicon Valley – I've got no chance against what was on offer for them there.

On a slightly related topic of the NBN. Whilst others are undecided, I am an absolute supporter of the NBN. I do think it will cost more than necessary perhaps, as all large Infrastructure projects. But whilst we have the funds from the Mining Boom, we should make the investment. Australians for generations to come will thank the government for having the foresight to bring fibre to the home.

But where will the skills come from to not only build the NBN, but innovate the next generation of industries? Some will surely come locally, but you can not deny the help of overseas minds.

I think the changes are short sighted. We are not looking at the positive impact of innovation, training and a generation of new industries that minds can create.

If the LAFHA system was being abused by some, but there were better ways to reform it by introducing strict guidelines on reasonable use of LAFHA. We need every possible means to attract people to Australia.

I also think by not having transitional arrangements for overseas people on 457 Visas and with LAFHA arrangements, it is unfair. Please give them time to adjust their budgets, and help us work with them on retention. It would be a shame to see some key people fly off overseas disgruntled, and perhaps take some valuable export opportunities with them.

Regards,

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The logo for LAZU, consisting of the word "LAZU" in a bold, blue, sans-serif font. The letters are slightly shadowed, giving it a 3D appearance.