The Sunshine State is said to have the right qualities for the growing KPO industry. Photo: PAUL HARRIS

Qld ponders need for knowledge

Emma Connors

A report that compares Queensland with other areas as a likely location for new knowledge industries has drawn a cautious response from the Queensland government.

A year ago the Investment Attraction unit in Queensland's Department of State Development commissioned an investigation into the embryonic knowledge process outsourcing (KPO) industry.

This sector comprises legal, financial and accounting processes across various industries.

Some US and European companies have begun to offshore these activities, largely to save money by using lower-cost labour. Most of this work has been outsourced to Indian service suppliers, some of which face a shortage of skilled labour and are therefore considering where to locate global delivery centres.

These companies, which include specialist providers such as Aranca as well as outsourcing giants Tata Consultancy Services and Satyam, are being actively courted by countries including Ireland, Singapore and Malaysia.

Those keen to promote the industry cite a forecast made by the Indian software industry association, Nasscom. It predicts that by 2010 the global knowledge process outsourcing market will be worth $US17 billion ($22.4 billion).

The report, which was written by Swamy & Associates and commissioned by the Queensland government, said the state was in a good position to win some of the 300,000 jobs that Nasscom predicted the industry would generate within four years. It said the state had a plentiful supply of qualified graduates, salaries that were significantly lower than those in the US or UK, and rental rates that were on par with Bangalore and much lower than in other Indian cities such as Delhi and Mumbai.

The report was delivered in late June. On Friday, a spokeswoman said the government was still considering its next step.

''The department is still assessing the potential value of KPO to the Queensland economy and whether we are likely to be successful if we devote resources to pursuing it,'' she said.