

Production Manager (Manufacturing)	New South Wales (NSW)
ASCO Code: 1222-11	June 2008
Labour market rating:	Recruitment Difficulty
Comment: <i>Recruitment difficulties are evident in a number of specialisations including steel reinforcing products, paint manufacturing and furniture manufacturing</i>	

Occupational demand

Census data indicate that employment of production managers (manufacturing) was flat between 2001 and 2006 and it is likely that demand for the occupation has remained subdued since then. According to the Australian National Accounts, manufacturing production for Australia rose by 2.9 per cent in the year to the March 2008 quarter, which was a little below the 3.7 per cent average for all industries. However, more recent data from the Australian Industry Group – Pricewaterhouse Coopers *Australian Performance of Manufacturing Index* indicates manufacturing activity was subdued for the fifth consecutive month in May 2008, with production falling in NSW. The slowing in manufacturing activity reflects the weakening in global growth, rising input costs, particularly energy-related, rising interest rates and a higher exchange rate.

Occupational supply

Census data indicate that mechanical engineering is the most common higher education qualification for production managers (manufacturing). DEEWR estimates that supply of mechanical engineers from university completions fell by 16 per cent in the two years to 2007. However, as mechanical engineering also provides training for other professions, it is not possible to determine a training rate for this occupation. Immigration data are not available for this occupation. However, Census data for the broader category of production manager show a net loss of 219 workers interstate from 2001 to 2006 and a gain of 553 workers from overseas. Employer and industry contacts consulted for this report suggest that overseas workers are a growing source of supply.

Employer and industry comments/current labour market

The DEEWR survey of employers who had recently advertised for production managers showed that 70 per cent of vacancies were filled within six weeks of advertising. The survey results did not indicate a general shortage in the occupation. There was an average of 1.6 suitable applicants per vacancy and a substantial majority of the employers surveyed were able to fill vacancies with few problems, in many cases having a choice of several suitable applicants. Nevertheless, recruitment difficulties were evident for positions requiring specialist skills in particular areas of manufacturing, including steel reinforcing products, paint manufacturing, foundries and furniture manufacturing. The chief reasons that employers gave for applicants being considered unsuitable were lack of experience, not having expertise in their particular sector of the industry and poor communication skills. A number of employers and recruitment agencies indicated that those vacancies advertised on the internet resulted in a large number of applicants, many from overseas, the majority of whom had no relevant experience for the position. Nevertheless, a number of employers and recruitment agencies noted that recruitment from overseas was not uncommon for this occupation, as the movement of Australian manufacturing offshore – particularly in heavy engineering – had reduced the pool of applicants with local manufacturing experience.

Labour market outlook

Manufacturing activity is likely to remain subdued in the short term under the impact of a slowing world economy, higher fuel and other import costs, and a high value for the Australian dollar. Constrained demand combined with any increase in supply from immigration is likely to ease the recruitment difficulty for experienced workers, although some positions requiring highly specialised skills or experience may remain hard to fill.

Production Manager (Manufacturing)		Victoria
ASCO Code: 1222-11		June 2008
Labour market rating	No shortage	
Comment:		

Occupational demand

The Australian Bureau of Statistics (ABS) Census of Population and Housing shows a slight increase in the number of manufacturing production managers employed in Victoria. Most manufacturing production managers are employed in the manufacturing industry (84%). This varies across a wide range of manufacturing classes including printing, motor vehicle, basic iron and steel, medicinal and pharmaceutical manufacturing. The industry is anticipating moderate growth in 2008 according to the Australian Industry Group's Business Prospects for Australian Manufacturing in 2008. The same report predicts a rise of 2.2 per cent in employment for the manufacturing industry. ABS Labour Force Survey data reflects a decrease nationally of nearly eight per cent in the number of production managers employed in Australia from a high in mid 2005, despite an increase of just under 20 per cent in the number employed between May 2001 and May 2008, to reach 48 000.

Occupational supply

The educational pathways into this occupation are varied, and this is reflected in the educational attainment. Nationally, nearly 40 per cent of manufacturing production managers hold a certificate III or IV, nearly 20 per cent have a bachelor or higher degree, and 10 per cent have an advanced diploma or diploma. Immigration from interstate or overseas provides another source of supply to the occupation. Department of Immigration and Citizenship data show an increase in the number of self identified production managers entering Victoria per annum, increasing from 35 per annum between 2003-04 and 2004-05 to 65 between 2005-06 and 2006-07.

Employer and industry comments/current labour market

The Survey of Employers who Recently Advertised (SERA) found 70 per cent of Production Manager (Manufacturing) vacancies were filled. On average there were over 31 applications for each position with slightly less than three suitable applicants per vacancy. All the organisations surveyed had advertised their vacancies through the SEEK website, and most respondents said they received many generic applications with little relevance to the position advertised. Many applicants were from overseas but most employers stated that they preferred to recruit locally. Employers' requirements for the surveyed positions varied greatly, but the majority of employers rated experience over qualifications, with the ideal candidate having hands-on experience in their particular industry. Employers commented that there was a shortage of people with relevant technical skills and their preference was for candidates with a trade or technical qualification with team leader and supervisory experience. Smaller organisations experienced more difficulty in filling positions as they did not have the resources for extensive training and applicants were expected to "hit the ground running". Most employers stated that once they found the right person, turnover was relatively low.

Labour market outlook

With the general trend for a decline in manufacturing activity in Victoria, it is anticipated that there will be a significant change in the level of demand or supply for manufacturing production managers over the next six months.

Production Manager (Manufacturing)		Queensland
ASCO Code: 1222-11		May 2008
Labour market rating	Shortage	
Comment:		

Occupational demand

Manufacturing production managers plan, administer and review manufacturing activities to optimise resource use, minimise costs and maintain quality standards. Employment can be found in private engineering firms, and in the building, minerals, construction, manufacturing and processing industries. The Australian Industry Group-PriceWaterhouseCoopers Quarterly Manufacturing Survey shows that Queensland's manufacturing activity strengthened moderately in the 2007 June quarter, making the sixth consecutive quarter of expansion. Largely reflecting a broadening in demand coming from the State's mineral resources sector, demand for experienced and suitably qualified manufacturing production managers has grown in line with this increased activity.

Occupational supply

Formal entry to the profession in Queensland is usually gained by completing a bachelor degree in manufacturing engineering or mechanical engineering management. Information obtained from the Department of Education, Employment and Workplace Relations shows that the annual number of students commencing these programs has not reached more than 40 and completions have averaged only 12 per year since 2001. The supply of suitably qualified persons to this profession may have been supported by overseas migration with Department of Immigration and Citizenship data showing a net gain to the State of 140 self-identified manufacturing, production and plant engineers migrating to Queensland in 2006-07. Census figures indicate that the production manager workforce increased on average by four per cent each year between 2001 and 2006.

Employer and industry comments/current labour market

Although 70 per cent of employers were willing to accept applicants with trade qualifications and experience in place of degree qualifications, the vacancy filled rate for manufacturing production managers this year was only 40 per cent. Overall, the contacts considered 60 per cent of applicants as unsuitable because they did not have product specific or sufficient experience. Of the 30 per cent of employers seeking degree qualified professionals, applicants were considered unsuitable because they had inadequate qualifications or they were not immediately available. In the metropolitan area, 60 per cent of vacancies were filled by the time of contact, but outside of Brisbane, the filling rate was 20 per cent. Regional employers reported their location as the greatest impediment to successful recruitment with most of these employers relaxing the degree qualified requirement. Some respondents reported an inability to compete with wages in the mineral resources sector and the subsequent high number of workers leaving the industry to take up positions as mining production managers. Small to medium businesses reported they cannot afford to match the market rate offered by large companies. Most contacts this year viewed the recruitment of overseas professionals as a positive step towards addressing skill shortages. However, they consider that the duration of the immigration process often extends beyond the immediate and critical needs of the industry.

Labour market outlook

The current labour market of manufacturing production managers is in State-wide shortage and according to the Australian Industry Group-PriceWaterhouseCoopers Australian Performance of Manufacturing Index, manufacturers are forecasting that exports will rise by a further 7.5 per cent over 2008. Demand for manufacturing production managers is therefore likely to rise. Employers are willing to accept workers with trade level qualifications and experience but the labour markets of suitable trades have also been found to be in shortage. Overseas immigration may be providing some assistance but increasing demand continues to outstrip supply. Without significant increases to education and, or immigration numbers, the Queensland labour market for manufacturing production managers will remain in shortage for the foreseeable future.

Production Manager (Manufacturing)		South Australia
ASCO Code: 1222-11	April 2008	
Labour market rating	No Shortage	
Comment		

Occupational demand

Over 85 per cent of production managers are employed in the manufacturing industry. Demand for the occupation is therefore largely dependent on the level of manufacturing activity, which is in turn driven by demand for locally manufactured products.

Business levels in South Australia's manufacturing sector are currently subdued due to increased competition from low cost import replacement items, the loss of existing contracts to off-shore companies, and the persistently high Australian dollar. The effect on the automotive manufacturing sector has been especially severe, with significant numbers of retrenchments occurring in the past few years. The value of road vehicles and parts exports has been declining since mid-2006. In trend terms, the value of investment in equipment, plant and machinery has fallen by 22 per cent since December 2005. Manufacturing firms with exposure to the mining industry have been less affected by these developments, benefiting from the strong global demand for mining commodities. DEEWR's Skilled Vacancy Survey data show that the number of newspaper vacancies for production managers peaked in 2005, fell in 2006, and although increased in 2007, was 24 per cent below the level of 2005.

Occupational supply

There is no specific educational qualification for this occupation. ABS Census data (2006) show that around a third of production managers in the State held qualifications at the Certificate III or IV level, with a further 15 per cent having a bachelor degree. Over 40 per cent did not have post secondary school qualifications. Given the diverse mechanisms for entry into the occupation, estimates of formal supply are not possible. In net terms, the number of production managers entering SA as a result of skilled migration increased from 12 in 2005-06 to 64 in 2006-07.

Employer and industry comments/current labour market

A survey of employers who had recently advertised for production managers revealed that 83 per cent of vacancies were filled within six weeks. Although there were, on average, 1.8 applicants per vacancy, this is likely to be an under-estimation. This is because some employers also advertised through recruitment agencies that vetted applications. The average number of suitable applicants per vacancy was 0.8. Major reasons given for rejecting applicants included insufficient managerial experience and lack of experience relevant to particular industries. Employers were also interested in hiring applicants with good communication, planning and interpersonal skills. Despite the relative success in filling positions, there was an overall view that production managers, particularly those with relevant industry and managerial experience, are difficult to recruit.

Labour market outlook

The demand outlook for production managers is linked to future activity levels in the manufacturing industry. At least in the short term, the industry is likely to experience subdued activity due in part to the closure of Mitsubishi Motors Australia and the likely flow-on effects to its suppliers. Notwithstanding the current difficulties experienced by the manufacturing sector, there are a number of proposed construction projects in the State which could generate employment opportunities for production managers in the manufacturing industry. These include the Adelaide Metropolitan Water project, the possible expansion of the Olympic Dam mine and the Air Warfare Destroyers project. Overall, the labour market for production managers is expected to remain unchanged over the next 12 months.

Production Manager (Manufacturing)		Western Australia
ASCO Code: 1222-11		May 2008
Labour market rating:	No shortage	
Comment		

Occupational demand

There were 98,300 people directly employed in manufacturing in WA in 2007, being 9.2 per cent of the total employed. Western Australia accounts for half of Australia's shipbuilding production and has produced vessels valued in excess of \$3 billion over the last decade at the Australian Marine Complex in Henderson. Nearby Kwinana is the state's major industrial and manufacturing area where products such as chemicals, steel fabrication and piping are produced. Recently there have been major investments in the Technology Park at Bentley where ICT manufacture is a primary focus.

Occupational supply

Production Managers require a balance of management and manufacturing skills. In most cases, the supply of skills for this occupation comes from people who have worked in a manufacturing or engineering environment for a number of years. Employers do not typically consider University level management qualifications by themselves to be sufficient for applicants to be suitable for the role. Measurement of the supply of experienced and qualified people is difficult. This is compounded by the vast range of manufactured goods produced in a variety of industrial landscapes. In 2006-07 international immigration provided Western Australia with 73 new production managers.

Employer and industry comments/current labour market

A DEEWR survey of employers who had recently advertised for manufacturing production managers showed that all of the vacancies were filled within six weeks. There were 23 applicants per vacancy of whom 4.2 per vacancy were considered by employers to be suitable. The main reasons applicants were considered unsuitable were insufficient manufacturing or engineering production experience or lack of management skills, with employers indicating overseas applicants were typically unsuitable. Employers reported they sought a combination or balance of knowledge of manufacturing and 'people' management skills. They indicated they usually require prospective managers to have experience with the specific or similar types of goods as those in the advertised role. Employers often used the term "operations manager" which they said encouraged higher numbers of applicants as it demonstrated the importance of a trade background. Employers advertising via the internet reported high numbers of overseas applicants but none suggested they were prepared to consider 457 visa sponsorship. Recruitment firms indicated this role requires a broad range of skills across a broad range of industries. Transfer between industries is not always appropriate, for instance from or to the chemical or pharmaceutical industry, due to the qualifications and technical skills required. Recruitment firms said that 'culture' fit is an important aspect in selecting applicants and that there is now a greater requirement for qualifications than was previously the case.

Labour market outlook

Current supply appears sufficient to meet demand. The numbers of suitable applicants suggest there will continue to be no shortage in the near-term.