



Office of Hon Steven Joyce

Minister for Economic Development
Minister of Science and Innovation
Minister for Tertiary Education, Skills and Employment
Associate Minister of Finance

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Irene King
Chief Executive
Aviation Industry Association of NZ
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Dear Irene

Thank you for your letters of 27 March and 31 May 2012 about the training of pilots. As you are aware, Budget 2012 included a range of measures including increasing the subsidy for pilot training by nearly twenty percent and setting a per-Equivalent Full-Time Student (EFTS) loan borrowing limit for pilot training to take effect from 1 January 2013.

Evidence from a number of reviews in recent years indicates that the aviation sector has produced more graduates than the aviation industry needs, leading to poor employment outcomes and high levels of student debt. To address the problem of an excess supply of pilot training graduates, we have reduced the number of students who can undertake government subsidised pilot training, which will mean that fewer people will be entering the pilot job market.

Thank you for the analysis you have provided regarding the Aviation Industry Association of New Zealand's concern that there may soon be critical shortages of pilots. Ministry of Education officials have carefully considered the information you have provided. They advise me that the number of pilot licenses issued is unlikely to provide an accurate assessment of the demand for pilots, as limited employment opportunities and other market factors may also influence the number of licenses issued. A better comparison of the demand and supply for pilots is the number of pilot trainees who graduate each year compared to the number of pilot employment opportunities available each year.

While I accept that the seniority of the workforce, and overseas demand for pilots, are factors that will require ongoing monitoring, the Ministry's evidence suggests that many graduate pilots continue to experience poor employment outcomes, reflecting an oversupply of trained pilots.

Your estimates suggest that there will be a shortfall of trained pilots due to the future growth projections for the industry and estimates of no more than 150 pilots completing their training. However evidence gained by the Ministry indicates that every year between 2008 and 2011 more than 1,000 domestic students studied aviation through New Zealand providers and that many of those who have completed their training are struggling to find work. Because of this pool of trained pilots, and the more appropriate level of pilots who will complete their training over the coming years, influenced by the reduced cap on EFTS for this provision, I believe the current supply of pilots is more than sufficient to meet future demand.

I will be monitoring the impact of changes made to the funding of aviation training to ensure that policy settings are appropriate to the needs of the industry, so that there are improved outcomes for pilot training graduates, and good returns for taxpayer investment in pilot training.

Yours sincerely



Steven Joyce
Minister for Tertiary Education, Skills and Employment