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5. Hon PHIL GOFF (Labour—Mt Roskill) to the Minister of Defence: Why did he decide to source new training aircraft for the Royal New Zealand Air Force from Wichita Kansas rather than Hamilton New Zealand despite a 40-year relationship with the New Zealand company, Pacific Aerospace?

Hon Dr JONATHAN COLEMAN (Minister of Defence) : After a detailed and lengthy assessment of the Royal New Zealand Air Force's training needs, a robust tender process was entered into, reviewed by the Defence management board, Ministry of Business, Innovation and Employment officials, and central agencies. The process was also externally audited by the McHale Group and Government procurement guidelines were followed. Beechcraft's tender matched all the Royal New Zealand Air Force's training requirements while representing good value for money. The T6C has a proven track record and over 850 of these aircraft are in service training pilots around the world, including for the US and NATO nations. The Auditor-General's advice has previously been to go for proven off-the-shelf capability purchases, and this is what we have done. The Pacific Aerospace option did not fulfil the Royal New Zealand Air Force's training needs and requirements and did not include either a simulator or a training package. The Pacific Aerospace proposal was for an aircraft that is yet to be built and, furthermore, it did not provide any detailed costings. For all these reasons we just could not go with the Pacific Aerospace proposal.

Hon Phil Goff: Would not the \$100 million extra on top of what he would have paid for New Zealand - based aircraft have been better spent on repairing the damage that he has done by slashing New Zealand Defence Force personnel by more than 1,000 or 12 percent? That really is not value for money.

Hon Dr JONATHAN COLEMAN: Well, that \$100 million he is talking about is not a saving, quite frankly. There were no detailed costings. They could not have put forward the package that fulfilled the New Zealand Defence Force's requirements at the price that we ended up paying for these aircraft. It is a bit like Labour saying that there was a saving by refusing to take GST off fruit and vegetables and not having that first \$5,000 tax-free. It is money that just does not exist in terms of a saving.

Hon Phil Goff: Is it not correct that the industry that he is now disparaging, Pacific Aerospace, has performed brilliantly for the New Zealand Air Force for 40 years; and is it not also correct that he will be paying \$2,000 an hour to train pilots on the American aircraft, which is six times as much as it would cost for the equivalent New Zealand aircraft, and those are the figures from the New Zealand aerospace industry?

Hon Dr JONATHAN COLEMAN: Yes and no.

Hon Phil Goff: What consideration did he give to the damage that his decision will do to the New Zealand aircraft industry's capacity to develop an innovative high-value export sector in line with what his colleague Mr Joyce is saying the public sector should be doing by creating effective partnerships with the private sector here in New Zealand?

Hon Dr JONATHAN COLEMAN: Look, the facts of the case are that the New Zealand Defence Force had some very specific requirements laid out in the request for proposal, and Pacific Aerospace just could not meet them. It did not have a simulator, it did not have a training package, and it had not built an aircraft. We have gone for a

proven, off-the-shelf solution and I challenge you, Phil Goff, to get up and say that you would have made a different decision, because I do not believe you would have.

Hon Phil Goff: I am not sure I should be answering questions—

Mr SPEAKER: Order! *[Interruption]* Order! I reminded members yesterday that when I rise to my feet, it is important that members then resume their seat. Does the member have a further supplementary question?

Hon Phil Goff: How many jobs—*[Interruption]* Are you ready to listen to the question?

Mr SPEAKER: Order! I have given the member a supplementary question. *[Interruption]* Order!

Hon Phil Goff: How many jobs will be lost at Aeromotive Ltd in Ōhākea and how many jobs in export earnings will be lost from Pacific Aerospace in Hamilton because of his decision; or has he not bothered to ask?

Hon Dr JONATHAN COLEMAN: As I have explained very clearly, we cannot waste public money on an aircraft that has not been built, and they could not fulfil the requirements of the tender. So it is a really stupid, clown question, Phil Goff.