Aviation INDUSTRY ASSOCIATION

15 August 2025

Katrina Sutich
General Manager
Tertiary Policy
Ministry of Education
Wellington

Dear Katrina

Thank you for the opportunity to provide comments on funding determinations for 2026. You will receive submissions from flight training organisations (FTOs) that may be specific to their organisation. The submission from the Aviation Industry Association of New Zealand (AIANZ) highlights the overall funding issues we see as challenging for flight training.

<u>About the AIANZ</u>

To reiterate, the AIANZ is the peak membership body for commercial aviation in New Zealand. Our membership is diverse and includes scheduled airlines (including Air New Zealand), helicopter and fixed wing operators, agricultural aviators, tourism flight operators, supply, service and engineering organisations, advanced aviation (drones), and of course FTOs. Policy and advocacy are at the heart of what we do, and we bring a strong evidence base to this work.

<u>Student Loan Cap</u>

You will be aware the biggest single impediment to encouraging New Zealanders into flight training is the student loan cap which has remained unchanged since 2013, despite inflation over that period. This has direct consequences for students who must now fund an increasingly large proportion of their training through their personal debt, family borrowing and when it is available, part-time work.

The affordability gap disproportionately affects students (or prospective students) without independent means, reducing diversity in the workforce. This is locking out many groups of New Zealanders who aspire to be pilots, affecting Maori and Pacific people more than many other groups. Learnertion, the removal of the Maori and Pacific learner categories from Learner Component funding risks reducing this participation further.

The shortfall in funding to be found by students because the cap has not been changed since 2013, means the gap can now be as much as $50,000 e.g. the gap between $70,875 for two years of training and tuition fees that are now well more than $100,000. As the gap has grown, the funding mechanism has not changed with the burden of the increase falling on to the individual learner.

TEC funding

This year, the Tertiary Education Commission (TEC) has proposed an increase in SAC funding of 5% for provider-based pilot training per EFTS but a $721 increase contributes towards just a 0.67% increase in a learner's total tuition fees. The increases proposed for 2026 do not reflect the much higher annual cost increases in aviation training, that include fuel, maintenance, insurance and Civil Aviation Authority (CAA) compliance costs. In addition, the AM/FM limits how much FTOs can raise fees each year to cover actual cost growth. Aviation training cost increases are annually well above the CPI and the AM/FM.

The impacts of the policy settings for the training providers can lead to underinvestment in aircraft, simulators and safety systems. At the same time, the recruitment of skilled instructors is limited by revenue which means FTOs face pressure to reduce non-essential flight hours to remain viable.

Aviation Workforce Insights Report

In 2024, the AIANZ produced a robust piece of work https://aianz.org.nz/aviation-workforce-insights/ on supply and demand issues for pilots (and engineers), that identified an existing (and alarming) shortage of aviation engineers and a growing shortage of pilots that would become serious in 2028. This report, asked for by the Government, appears to have largely been ignored by MOE officials for nearly a year now.

At the same time, the Government has an ambitious Going for Growth agenda, but this will not be met by the commercial aviation industry without change to student loan policy settings. The undersupply of pilots to commercial airlines, general aviation, tourism, and critical services such as medical emergencies and search and rescue, will see some services fall over. As an island nation, aviation infrastructure is critical to support these services.

Debt Levels

The MOE and TEC have said pilot graduates accumulate high amounts of debt compared to medical, veterinary and teaching graduates. Information released to the AIANZ under the Official Information Act (OIA) casts some doubt on these views.

This information is interesting when looking at the level of debt. Granted, the average borrowing per pilot student per year was $31,500 in 2023, compared to an average borrowing for a veterinary and medical student of $17,900 and $21,500 respectively. However, the raw number of students borrowing per year was around 500 for aviation and veterinary students compared to 3,000 students in medicine in 2023. What this means is the total annual debt was much greater for medical students at around $64.5 million compared to $15.75 million for pilot students. When looking at debt on graduation, the average level of debt for a pilot graduate was high at around $100,000 in 2023, but not as high as a medical graduate at $120,000.

<u>Undervaluing a Pilot</u>

The MOE appears to think the only career pathway for a pilot is into a commercial airline. But what's missing is pilots have pathways into other areas too, like general aviation. They go and work in areas that make a critical social contribution, whether it is being on hand in times of disaster, likes floods and earthquakes, fighting fires or as an integral part in medical and search and rescue activities.

In summary, the voice of the AIANZ, and its FTO members, continues to be ignored on this matter, and if the current policy settings remain, it is likely over time that very few New Zealanders will be able to afford flight training and a career as a pilot. This will place the entire commercial aviation industry in jeopardy along with the many services it supports.

I look forward to your reply.

Yours sincerely

Simon Wallace
Chief Executive

cc Hon James Meager, Acting Minister of Transport
Siobhan Routledge, Director of Aviation, Ministry of Transport
Gillian Dudgeon, Deputy Chief Executive, Tertiary Education Commission