



Would-be pilots inside a simulated Boeing 777 cockpit. Once trained by national air forces or commercial airlines, now young pilots must pay their own way.

Dream of flying? Pay up

New pilots take to the air loaded with debt

By Nicola Clark

SCHIPHOL, Netherlands: When Austin Whitehead started his first job as a co-pilot with Ryanair this month, he had a little more than 250 hours of flight experience under his belt — and €92,000 in loans to repay for his training.

“I don’t think it’s right to have to pay so much to get to where you want to be,” said Whitehead, a 20-year-old Londoner who recently capped 14 months of flight school with a flight simulator course here, near the main Amsterdam airport. Still, he conceded, “I’ve never seriously thought about doing anything else.”

It might seem odd that eager young pilots have to go so deeply into debt — about \$124,000 in Whitehead’s case — when new airlines are popping up like weeds and many are scrambling to find qualified flight crews.

But he and other would-be flyboys are being squeezed by two recent trends. One is the downsizing of many national militaries, where most pilots used to get their training at government expense. The other is a new business model at airlines for cutting as many costs as possible through outsourcing — including pilot training.

In the mid-1990s, about three-quarters of the pilots flying for the world’s major airlines were trained by the military, according to the U.S. Federal Aviation Administration.

Today, however, that figure has fallen sharply, to about 40 percent. Not only are air forces getting smaller, but governments are requiring longer service commitments from the pilots they train.

“The military is not producing as many pilots, so that pocket has dwindled,” said Jeff Roberts, chief executive of CAE, a provider of aviation training services and flight simulators for military and civilian aircraft, based in Montreal.

To fill their remaining pilot needs, commercial airlines have traditionally recruited from among charter and cargo pilots. Many of the larger carriers — including Lufthansa, British Airways and Qantas — have also operated their own flight training schools, with their own rigorous selection processes. Those include aptitude tests in math and physics, as well as psychological and physical fitness exams.

Thousands still apply each year for a few dozen slots and the training has, historically, been largely, if not entirely, financed by the airlines. But as global air traffic continues its rapid expansion, airlines are facing a growing shortage of qualified cockpit crews at a time when they have

PILOTS, Continued on Page 11

New pilots take to the air, burdened with debt

PILOTS, From Page 1

fewer financial resources available to train them.

For younger, start-up airlines in particular, the costs of building qualified flight crews is substantial: With each new aircraft an airline adds to its fleet, it needs, on average, about 10 new pilots, industry executives said.

For a carrier like Ryanair, for example, a \$200,000 investment in a single pilot could cost the equivalent of more than 3,000 seats on its European network, which sell for an average of \$60, one way. That is equivalent to 17 fully booked Boeing 737s — before accounting for other operating expenses, like jet fuel, maintenance, cabin crew salaries and airport landing fees.

Hence the financial and logistical appeal to a growing number of airlines of using private flight training schools to recruit and train prospective pilots.

"As carriers are looking to have the lowest possible cost structure, they outsource many things," said Günther Matschnigg, senior vice president for safety, operations and infrastructure for the International Air Transport Association in Montreal. "It is part of the new business model."

Instead of investing in their own training centers, instructors and multi-million dollar flight simulators, more and more air carriers are signing agreements with pilot training companies to provide a pool of qualified candidates for potential hire. Under this system, the school gets paid a fee by the airline, the airline gets a trained pilot and the costs — as well as the financial risks —

are borne by the applicant.

"The typical, in-house airline selection process is not happening anymore," Matschnigg said. "There are more training schools being established all over the world, all the time."

Whitehead got his job at Ryanair through just such a program, gaining his certification to fly Boeing 737 jets at a training center just outside Amsterdam run by Roberts's company, CAE. Over the past three years, the airline, based in Dublin, has recruited more than 350 pilots trained by CAE. In April,

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Ryanair signed a new four-year contract with the Canadian company, worth about \$24 million, to provide 1,200 qualified pilot candidates.

CAE has similar deals with other carriers, including the low-cost Indian carrier IndiGo and AirAsia of Malaysia, and it trains more than 75,000 crew members every year at facilities in 19 countries, making it one of the world's largest pilot training companies.

"The challenge is to keep the quality of the training up to a high standard" at the flight schools, Matschnigg said. "It's important to keep the knowledge and skill profile of pilots the same, so that someone cannot become a pilot just because he has the money to pay for the training."

Whitehead said he began writing to airline recruiters at the age of 10, seeking advice on what subjects to study to improve his chances of getting into flight school. Thanks to an uncle, who is also a professional pilot, he was regularly invited to sit in the cockpit whenever his family flew on vacation, where he tried to familiarize himself with the bewildering array of dials and displays.

But his dreams of getting into an airline-sponsored school began to fizzle shortly after the terrorist attacks of Sept. 11, 2001.

"First, the airlines just stopped hiring," said Whitehead, who was only 14 at the time. "Then, when the jobs came back, suddenly everyone had to pay for their initial training themselves."

At current tuition rates, an investment in pilot training can be comparable to that for law school or for any number of professional degrees. But in recent years, the wage and benefit packages for pilots have diminished considerably, especially in North America and Europe, where the explosion in the number of low-cost airlines has transformed air travel from a luxury experience into a commodity. Industry executives say the effect has been to raise the barriers to entry into the profession dramatically.

"The money is not as big as it was in the past," said Matschnigg, himself a former Austrian Airlines pilot. He estimated that, globally, average pilot salaries were down between 10 percent and 20 percent from the levels of 10 to 15 years ago. The sharpest drops, he said, took place in the United States after Sept. 11, when a number of major carriers

were forced into bankruptcy. In Europe, fierce competition on short-haul routes has forced even full-service airlines to keep a lid on staff salaries and other operating costs.

Given the level of competition, airlines are generally reluctant to discuss pilot salaries. On its Web site, Ryanair says that a first officer with 1,500 flight hours of experience can earn "up to" €80,000, or \$108,000, a year while a flight captain can earn as much as €130,000. International safety regulations restrict pilot flying time to 900 hours a year.

Ryanair has said it is possible to reach these salaries within three to five years of hire.

Ryanair's rival, EasyJet, based in Luton, England, advertises starting annual salaries for "senior" first officers based in Britain of between £33,000 and £45,000, or \$66,000 and \$90,000, and £62,000 to £74,000 for experienced captains. Loyalty bonuses are paid after the first two years of service, starting at 5 percent of annual salary and rising to 15 percent after 10 years.

At full-service carriers, the basic pay is comparable. Most pilots consider these employers more prestigious, but winning a promotion to captain, especially at a flag carrier, can take years because of seniority systems and collective bargaining agreements.

Whitehead declined to disclose his own salary, citing a confidentiality agreement with Ryanair. But indicative salaries posted on widely read Internet pilot message boards like www.pilot-jobsnetwork.com or www.pprune.org suggest that a new "cadet" pilot on a



Since the Sept. 11 terrorist attacks, airlines have tried to outsource flight training.

Boeing 737 or Airbus A320-type jet in Europe could expect to earn little more than €35,000.

At those wages, a young pilot like Whitehead can expect to spend the next 10 to 15 years paying off his flight school loans.

Yet despite the financial risks, Whitehead's investment is likely to pay off in a long career. The International Air Transport Association estimates the world's airlines will have to invest in 19,000 new aircraft between now and 2025, meaning they will need to hire an additional 218,500 pilots, or roughly 12,000 a year.

Of the 13 cadets in Whitehead's initial flight training class, 12 have found jobs with airlines.