

Comparing Space Sectors Down Under

Nicholas Borroz
University of Auckland

Introduction

Many governments are establishing space agencies to develop their national space sectors. Governments are intervening to ensure their national space sectors secure niches in the growing global space economy. New Zealand and Australia are two countries whose governments have recently established space agencies. How are the governments developing their national space sectors and what are the implications of their approaches?

Study

This research compares Australia and New Zealand's approaches to developing their national space sectors. It builds off the developmental state literature in the comparative political economy discipline. The literature indicates Australia and New Zealand, which are both free-market "regulatory states", are likely to intervene similarly in their space sectors, when compared to statist "developmental states" like Taiwan and South Korea. New Zealand and Australia's space agencies are thus expected to be characterized by similar ideologies, preferences, and mechanisms. This research assesses whether expected similarities exist and assesses possible consequences of New Zealand and Australia's approaches.

Findings

The two space agencies intervene in their space sectors differently. Compared to New Zealand, Australia behaves more like a developmental state. Ideologically, New Zealand's agency sees its role as facilitating business, whereas Australia's agency sees its role as guiding business. In terms of preferences, New Zealand's agency favours supporting competitive firms in the space sector, whereas Australia's agency prefers supporting firms in business areas it wants to develop. In terms of mechanisms, New Zealand's agency focuses on removing obstacles to business, whereas Australia's agency focuses on providing financial incentives.

These differences imply potential consequences for the two space sectors' future development. For New Zealand: growth will occur in industries with few barriers; firms will come to New Zealand into industries that are comparatively barrier-free; there will be few government-financed firms; growth will concentrate in industries with clear market demand; the space sector will be defined by large successful firms; and the sector will be difficult for latecomers.

For Australia, potential consequences are as follows: business growth will occur in industries the government plans to grow; firms will come to Australia into industries that have significant incentives; there will be many government-financed firms; growth will depend on government support; the sector will be defined by firms specializing in accessing government incentives; and it will be difficult to succeed for firms that do not align with government development plans.



To be clear, these are potential consequences; they are what might happen, not what has happened. It is also worth noting that, though differences exist between New Zealand and Australia, they likely pale in comparison to the differences that exist between them and developmental states; though Australia is more “developmental” than New Zealand, it is unlikely as “developmental” as developmental states like Taiwan or South Korea. If New Zealand and Australia’s space sector development initiatives were compared to counterparts in Taiwan and South Korea, New Zealand and Australia’s similarities would be highlighted.

Table 1. Differences between the two agencies

	New Zealand Space Agency	Australian Space Agency
Mission	Regulatory; mission is to remove barriers to doing business	Developmental; mission is to plan and coordinate business activity
Mechanism	Unexpected; refrains from providing firm-specific support	Developmental; favors using financial incentive schemes
Preference	Regulatory; prefers supporting firms with competitive business cases	Developmental; prefers supporting firms that align with plans

Key Policy Implications

For space sector policymakers in New Zealand and Australia, this research indicates both countries’ approaches have potential consequences that, depending on the circumstances, can be positive or negative. Policymakers can think of their two approaches as being opposite poles in a spectrum of policymaking options. They can consider whether it is worth shifting towards the other end of the spectrum to alter the consequences of their policies.

NZ Policy Recommendations

New Zealand policymakers can consider making their space sector development efforts more like those of Australia in three ways:

1. Engage in more directing of business rather than enabling of business
2. Support firms more according to alignment with plans rather than competitiveness
3. Focus more on providing financial incentives rather than removing business barriers

Australia Policy Recommendations

Australian policymakers can consider making their space sector development efforts more like those of New Zealand in three ways:

1. Engage in more enabling of business rather than directing of business
2. Support firms more according to competitiveness rather than alignment with plans
3. Focus more on removing business barriers rather than providing financial incentives

To find out more about this research, please visit:

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Contact: nicholas.borroz@auckland.ac.nz

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