



STATE OF THE SERVICE

# AUSTRALIAN INNOVATION 2024

*Emerging trends, analytics and forecasting*

# Editor's Introduction

If there was one overarching theme that intersected conversations about government innovation this year, it was the why and the how of it all. The term innovation runs the risk of veering towards becoming a catch-all buzzword that loses meaning when used without purpose. The public sector kept on course by focusing on why it needed to innovate and how it was going to accomplish it. The why was unequivocally about improving public trust in government by improving transparency, efficiency and excellence through digital servicing. The how was about exceeding these expectations despite both fiscal and workforce challenges.

The analysis in the following pages was made for government professionals and founded in government data and expertise. The purpose of this report is to highlight the shared and unique trends self-reported by the public sector. It is not intended to hold up any government on a pedestal or remonstrate agencies for their shortfalls. In fact, the data shows mixed progress.

While certain governments may be leading the way in some areas, they themselves report concerns or challenges that others are slowly catching up to.

The report first covers key results from polling questions, including identified trends, average responses and outliers. It then dissects these results in light of key strategic discussions shared by leading public sector executives during events, as well as ongoing developments that unfolded throughout the year.

**Jordan Mullins**

Head of Editorial

**Public Sector Network**

# Methodology

Public Sector Network collects data from public sector professionals utilising real-time polling via an extensive, international events portfolio. This ensures a controlled environment that both anonymises respondent information while also ensuring the data comes from those working in the public sector. Event attendance is tracked and qualified through a registration list, which monitors participant job functions and respective portfolio agencies. Consequently, findings are rooted in direct participant input, providing a transparent and authentic representation of stakeholder views.

The aim of polling PSN attendees is to provide public sector insights that are both timely and highly relevant to the issues discussed. This polling data was collected across a series of Australian events held in 2024 to hundreds of event attendees.

It asked the same five questions at every event and are listed as follows:

1. How is your agency working to overcome the talent challenge across government?
2. What are the biggest barriers to building a culture of continuous innovation within your agency/department?
3. What do you believe is the #1 change that can help Government meet expectations?
4. What do you see as the biggest challenge facing the Public Sector in [your government]?
5. What is your organisation, department or function's top priority over the next 12-24 months?

# Polling from Australian State and Federal Agencies

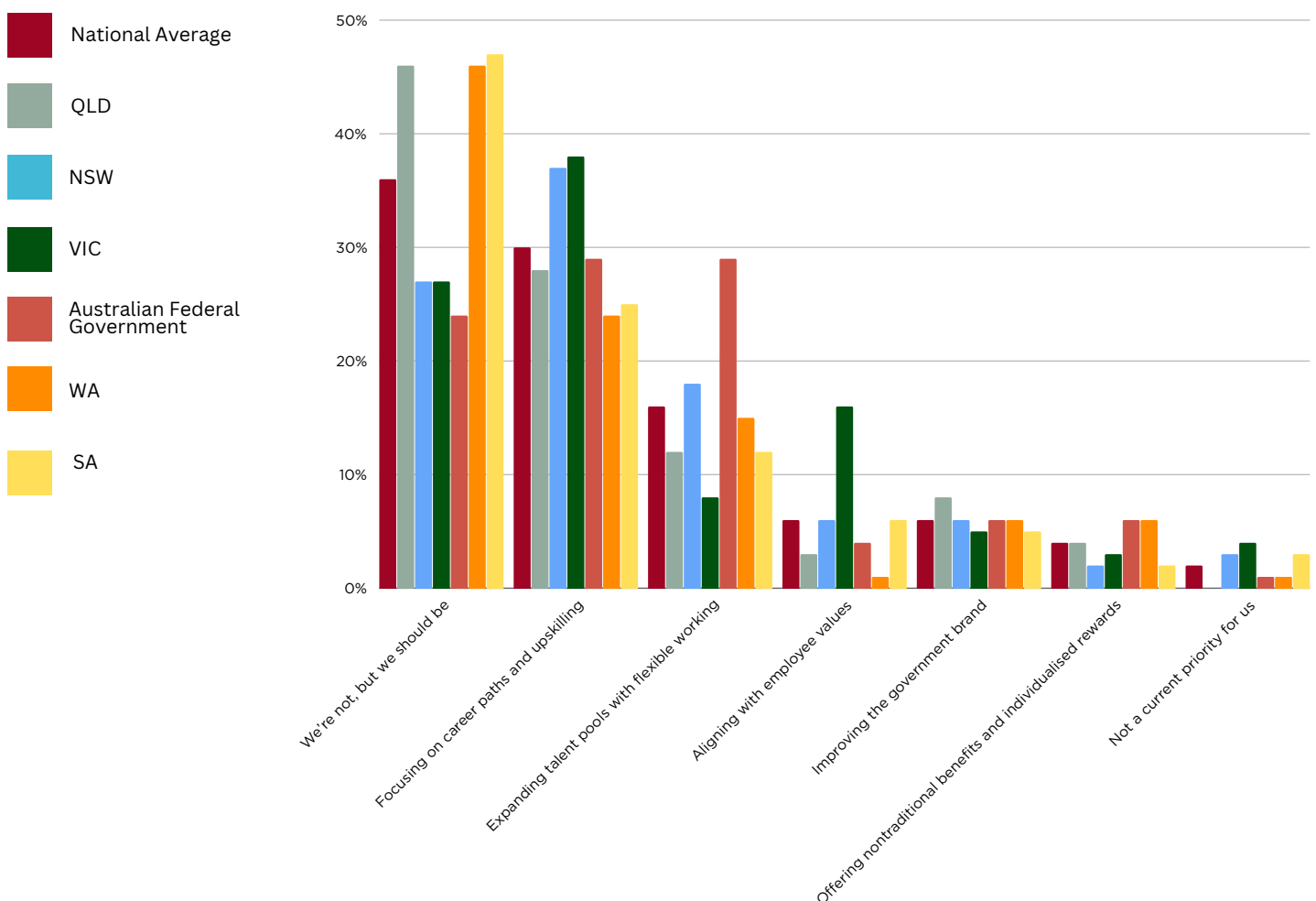
## Talent challenges

At a national average, 36% of surveyed respondents report their agency isn't (but should be) doing anything to address talent challenges. A further 30% are focusing on career paths and upskilling, while 16% were expanding talent pools through flexible work arrangements. Only 2% stated talent wasn't a priority, at least acknowledging the importance of talent to agency operations.

### State and Federal Differences from the Average:

Almost half of respondents from Queensland, South Australia and Western Australia aren't currently pursuing strategies to address talent challenges (but know that they should be). Federal government, Victoria and New South Wales are being more proactive about their talent gaps. Relying much less on doing nothing, all three governments report career pathing and upskilling as a primary lever for addressing talent gaps. While New South Wales and the Federal governments are both expanding talent pools with flexible working, Victoria has preferred instead to align with employee values as a secondary method for overcoming talent gaps. The comparison is potentially not a fair one. Federal, Victorian and New South Wales governments have larger talent pools to choose from, making it easier to attract new talent as required.

Figure 1. How is your agency working to overcome the talent challenge across government?



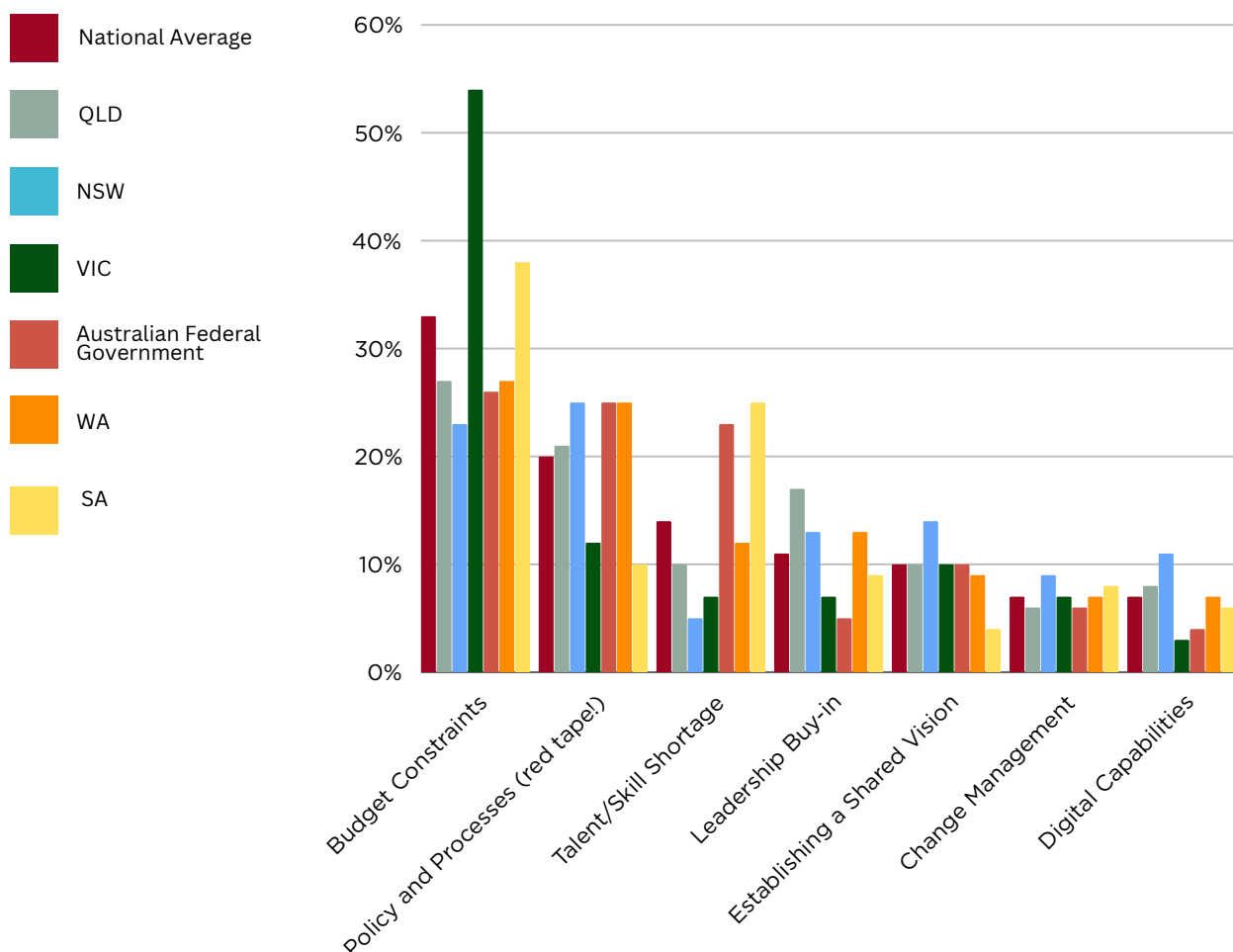
## Barriers to continuous innovation

Budget constraints make up one of the main barriers to building cultures of continuous improvement for 33% of respondents across a national average. While 1 in 5 report red tape such as processes and policy being a challenge, less than 14% reported a talent shortage. Less than 15% of respondents across the board cited challenges with establishing a shared vision, change management or digital capabilities.

### State and Federal Differences from the Average:

Victoria (54%) and South Australia (38%) are particularly encumbered by budget constraints. While it was also the top challenge for other state and federal agencies, policy and process and talent and skills shortages are also significant barriers. Red tape is reportedly holding NSW (25%), WA (25%) and the Federal government (25%) back from continuous innovation. Talent and skills shortages are a particular challenge for the federal government (23%) and SA (25%).

**Figure 2. What are the biggest barriers to building a culture of continuous innovation within your agency/department?**



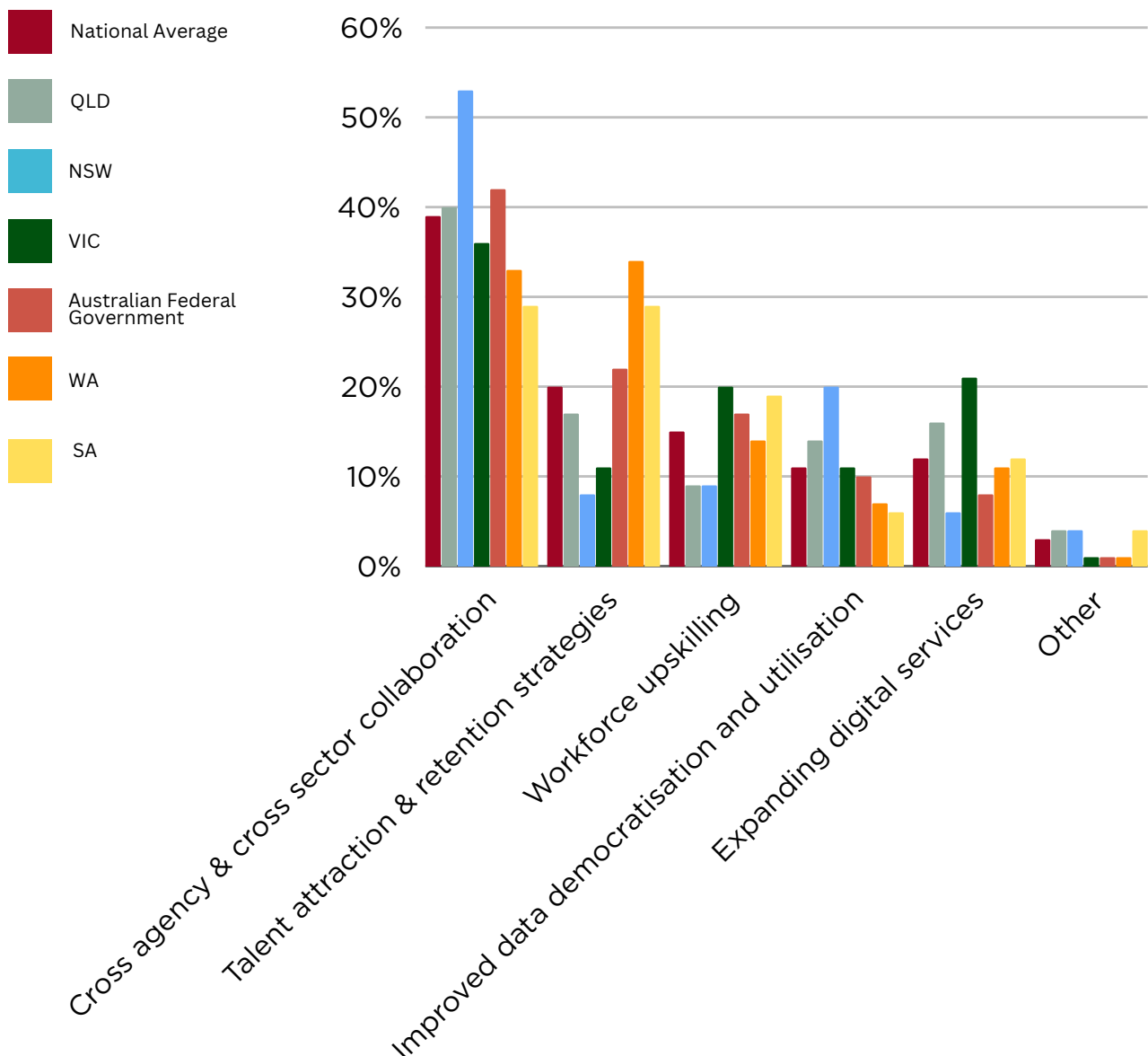
## Navigating Change

Cross agency and cross-sector collaboration is overwhelmingly the number one change that surveyed respondents believed could help meet government expectations with a survey average of 39%. Second and third place are talent attraction and retention strategies (20%), then workforce upskilling (15%).

### State and Federal Differences from the Average:

While collaboration was the top choice for every state and the federal government, it was particularly true for NSW, for whom 53% voted it as their top priority. Talent attraction and retention strategies were a far second for the national average, but two states - WA (34%) and SA (29%) - voted collaboration and talent attraction and retention as equally important.

**Figure 3. What do you believe is the #1 change that can help Government meet expectations?**



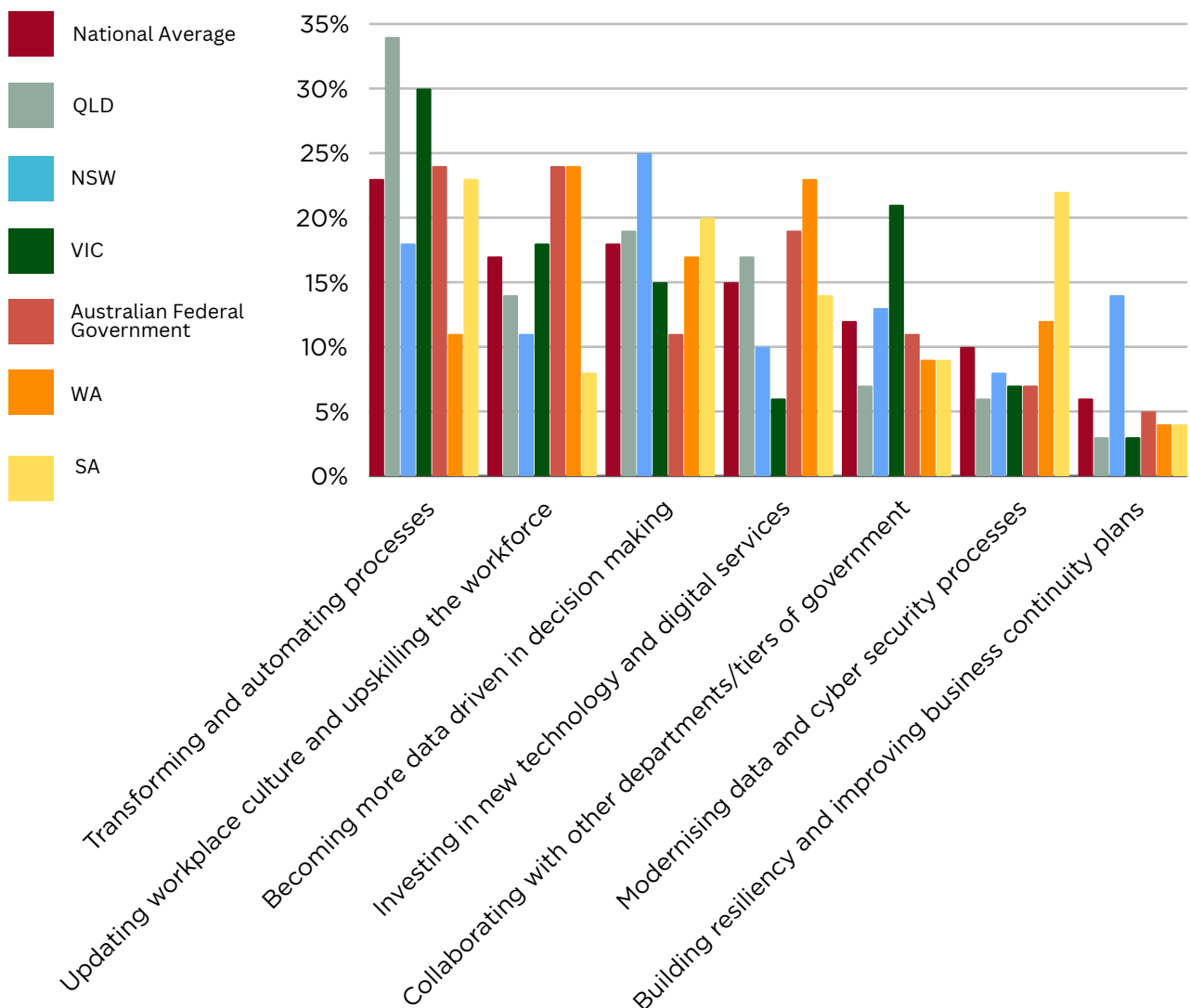
## Agency priorities

There was not an outstanding winner for priorities. While 23% of the national average were transforming and automating processes over the next 1-2 years, they were also relying on a mixture of tactics, such as updating culture and upskilling the workforce (17%), utilising data driven decision making (18%) and investing in new tech and digital services (15%).

### State and Federal Differences from the Average:

Queensland (34%) and Victoria (30%) were prioritising automation above most other tactics, while NSW voted data-driven decision making as the top priority (25%). 24% of respondents from the federal government and the WA government ranked updating culture and upskilling the workforce as the top priority.

**Figure 4. What is your organisation, department or function’s top priority over the next 12-24 months?**



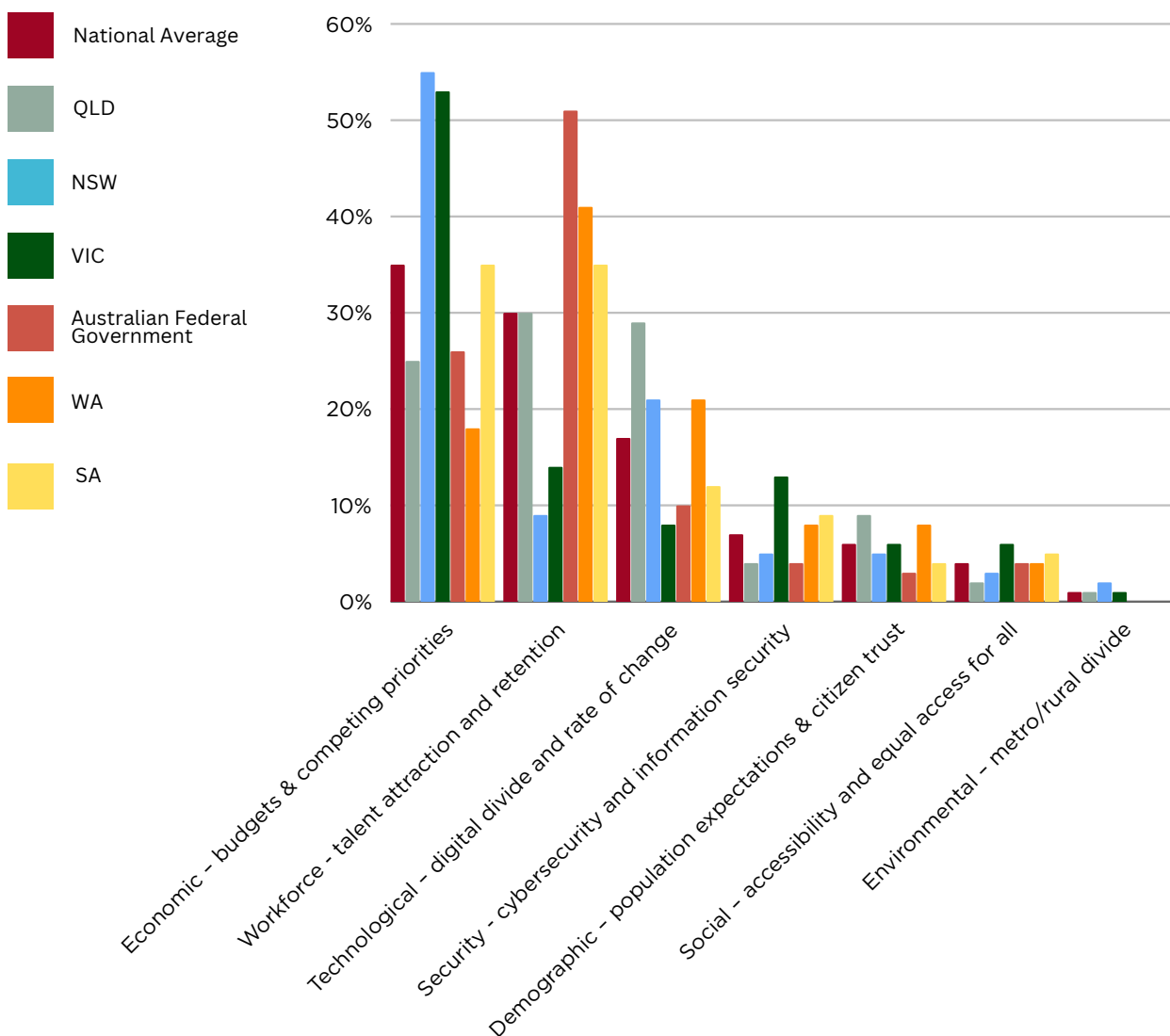
## Barriers to Progress

Economic constraints and workforce gaps are the clear challenges facing the public sector. On a national average, 35% of survey respondents cited economic challenges such as budget limitations and competing priorities. 30% cited workforce gaps such as talent attraction and retention. That being said, there were clear differences across agencies.

### State and Federal Differences from the Average:

Over half of the respondents from NSW (55%) and Victoria (53%) cited economic constraints as the clear challenge facing the public sector, with other challenges such as talent, technology or security being evenly split as less of a priority. In contrast, half of respondents from the federal government (51%) and WA government (41%) cited workforce challenges. SA voted 35% for economic constraints and 35% for talent shortages.

**Figure 5. What do you see as the biggest challenge facing the Public Sector in [your government]?**



# Trend Analysis

## A clear vision for public sector servicing

There was a persistent vision throughout 2024 PSN events for what innovation could accomplish with the right skillset and technological innovation. By organising data efficiently, enabling servicing through digital platforms and AI and redesigning services according to customer needs, the public sector aims to create transparent, high-quality interactions with its citizens. Brigid Monagle, Commissioner for the Victorian Public Sector Commission emphasised that citizen trust underpinned every project endeavoured by government.

“Integrity & trust in government are essential. If we’re unable to evolve, change, improve our services & adapt to what our clients use in their day-to-day basis, we will lose that legitimacy as a service provider.”

**Brigid Monagle, Commissioner, Victorian Public Sector Commission during Innovation Victoria 2024**

Australian governments have invested time, effort and resources into being seen as a leader in services that were designed for, and considerate of, citizen needs.

“We focus on offering digital channels of choice- how customers want to interact with us, not how we want to interact with them.”

**Josh Gow, General Manager, Energy Queensland during Innovate Queensland 2024**

However, it is still catching up in its efforts to digitise services.

“In my Danish case, since 2008 I’ve had a digital identity which I could use to unlock all the different services no matter which department I dealt with.”

**Jonas Peterson, Chief Digital Officer, Office of Digital Government; Department of Premier and Cabinet of Western Australia during Innovate Western Australia 2024**

While investment in digital technologies has ramped up significantly in the last few years, it has been the culture and processes of the public sector that are both standing in the way of progress and struggling to attract the skillsets that will get government innovation where it needs to be.

## A growing appetite for cultural change

Despite phrases like “digital-first culture” and “continuous improvement culture” becoming ingrained in the public sector lexicon, it’s not the tools or the tech that was behind most of the reported barriers to change or challenges to innovation. It’s clear from the concerns of surveyed respondents in figure’s 3, 4 and 5, that workforce gaps, like talent attraction and retention, are front of mind for the public sector. When questioned about how the public sector was tackling the next 12-24 months, it was the processes and people that needed updating. Productivity was an overarching motivator for public sector interest in innovation cultures. One of the key areas of focus was creating a culture of innovation by creating safer spaces to fail. Dr. Eva Balan-Vnuk, Executive Director and Government Chief Information Officer for the South Australian Department of Treasury and Finance spoke at the Innovate QLD showcase on the importance of failure in an innovation culture.

“Fail actually stands for ‘first attempt in learning’... Fail fast, fail small, fail cheap. Let’s do it over here in a sandboxed environment.”

**Dr. Eva Balan-Vnuk,  
Chief Information Officer, South  
Australian Department of Treasury and  
Finance during Innovation Queensland  
2024**

### A missed opportunity for flexible working?

Interestingly, while automation and upskilling were key tactics for improving processes and workforce gaps, tactics like flexible working, aligning with employee values and improving the government brand were arguably being underutilised, across state agencies. Employee willingness to leave jobs for new opportunities and more desirable conditions has been coined “the great re-shuffle” and demonstrates a need for employers to examine the work-life benefits that attract a greater selection and diversity of candidates.

Fortunately, there’s already a front-runner testing this theory. The federal government was an outlier in this PSN survey data with 29% of federal respondents citing “expanding talent pools with flexible working”. As mentioned above, the federal government has released an updated work relations policy reflecting more flexible work practices. The next 12 to 24 months will tell if these tactics help to reduce the federal challenges with talent and improve productivity.

## Competition for talent heats up

Australia is in the midst of the worst skills shortage in 60 years with particular scarcity in the data and digital skills sector. Both the public and private sectors are competing for the same scarce resource: talent. As digitisation programs scale from pilots to digital servicing, critical skillsets like UX design and data analytics become a high-value commodity. However, one takeaway is clear across the board, not enough is being done to address critical talent shortages in the public sector. Peter Achterstraat, the NSW Productivity Commissioner for NSW Treasury recognised this as having a severe impact on productivity.

“The key to increasing productivity, is skills ...data by itself is no good. You’ve got to convert it to either knowledge or information, and you need the right skills for people to do that, not just the technical skills, but the soft skills.”

**Peter Achterstraat, NSW Productivity Commissioner, NSW Treasury during Innovate NSW 2024**



The Federal Government and SA are particularly feeling the sting of talent shortages, citing it as a key barrier to continuous improvement in figure 2.

Overall, though, talent and workforce gaps were a challenge nationally, being voted as one of the biggest challenges facing the public sector by one-third of respondents.

## Competition for talent heats up

### Could multigenerational perspectives invigorate the workforce?

Catherine McLachlan, Assistant Secretary for People Strategy and Engagement at the Department of Home Affairs for the Australian Federal Government spoke on the unique opportunity that four generations in one workforce can have to shape and innovate government.

“Let the employee value proposition (EVP) attract those people who are willing to bust through and ask those questions and break down the traditional silos that we’ve had and do stuff differently.”

**Catherine McLachlan, Assistant Secretary, People Strategy and Engagement, Department of Home Affairs during Innovate Australia 2024**

As such, an Employee Value Proposition (EVP) should evolve to meet the needs of multiple generations to attract a diversity of viewpoints.

PSN has reported previously on what can be done for the [Australian public sector to become an employer of choice.](#)

Additionally, the Australian Public Service has released an updated work relations policy with the aim of raising the status of the sector to being an employer of choice for Australian workers, which includes pay increases, easier movement between agencies and remaining competitive with the private sector through flexible workplace arrangements.



## Is collaboration a panacea to growing budget constraints?

NSW has been widely acknowledged as the leader in service innovation, and its current focus on improved data democratisation and decision making and collaboration across agency boundaries is a portent of trends we're likely to see increase across other state and federal agencies. However, over half of NSW respondents reported competing priorities and economic constraints as the biggest challenge facing the public sector, which was 20% higher than the country average. Additionally, NSW respondents' focus on collaboration was overwhelming with over half citing collaboration as a key change that can help government meet expectations. Innovation and continuous improvement are both expensive endeavors and collaboration across states and between agencies is a crucial method for sharing resources.

### **How is federal government enabling collaboration?**

The Digital Transformation Agency (DTA) is working on a number of initiatives to encourage cross-agency and cross-sector collaboration.

It's part of a taskforce with eighteen other governments, including the Department of Home Affairs, and Services Australia in order to regulate the responsible use of AI. The DTA is also working closely with state and federal territories to ensure a national approach to AI and Digital Identity.

Additionally, the DTA is working with industry groups like the Australian Computer Society (ACS) and the Australian Information Industry Association (AIIA) to understand digital needs.

Chris Fechner, CEO of the DTA, highlighted the importance of the [Digital Service Standard](#) for helping government deliver world class capabilities through ten strategic criteria.

"It's probably a little bit harder to go from okay services to good services, but it's hard, really hard, to go from good services to best practice. The Digital Service Standard helps."

**Chris Fechner, CEO, Digital Transformation Agency during Innovate Australia 2024**



## Looking to 2025

As of the 1st of September, 2024 the DTA put into effect its policy on the responsible use of AI in government. Over the next twelve months, we're likely to see a rapid roll-out of fast followers in services underpinned by AI with the success of programs in NSW, such as [NSWEduChat](#).

Based off the emerging trends present in PSN conversations with senior government officials, key themes will continue around workforce productivity, with a renewed focus on accessibility and inclusion across both the citizen and employee experience.

While a culture of innovation runs the risk of (and arguably requires) failures, as long as the public sector keeps steadfast to the vision of why it needs to innovate, there are likely to be key wins over the next year that will set a global precedent for excellence in the citizen experience.

## With thanks to our network

*The following are a list of public sector leaders who have contributed to PSN events throughout 2024 and who's ongoing thought leadership and insights have provided the basis of this report.*

Peter Achterstraat, NSW Productivity Commissioner, NSW Treasury

Chris Fechner, CEO, Digital Transformation Agency

Josh Gow, General Manager, Energy Queensland

Brigid Monagle, Commissioner, Victorian Public Sector Commission

Catherine McLachlan, Assistant Secretary, People Strategy and Engagement, Department of Home Affairs

Jonas Peterson, Chief Digital Officer, Office of Digital Government; Department of Premier and Cabinet of Western Australia

Dr. Eva Balan-Vnuk, Executive Director | Government Chief Information Officer, South Australian Department of Treasury and Finance

## About PSN

### Connecting Government Organisations Across the Globe

Our mission is to give public sector professionals a single place to come together, share ideas, and get free, unlimited access to the latest information about critical topics that are transforming the government landscape.

Our government-only network helps members to find relevant international content and case studies that are critical to your work and can help you save time and money. For those that are looking to network at a deeper level, we hold insightful events, ranging from conferences and exhibitions to intimate training courses and forums across major cities around the world.

