



# FROM PILOTS TO PURPOSE: DESIGNING AI-ENABLED OPERATING MODELS FOR PUBLIC IMPACT

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## IN BRIEF

The second roundtable in the Gov 3.0 Series, hosted at RMIT University and convened by the Public Sector Network, brought together senior leaders from government, regulatory, and academic sectors to explore what core enablers to the 5 identified digital initiatives to boost Australia's productivity could mean for public service delivery, accountability, and workforce design.

Rather than focusing narrowly on individual technologies, the discussion centred on the broader institutional and cultural shift required to embed artificial intelligence (AI) responsibly and sustainably. Attendees emphasised that transformation must begin with strategy and governance, moving through culture and capability, and be anchored in data and infrastructure. Across the sector, proof-of-concept pilots are proliferating, but scaling remains constrained by outdated systems, siloed data, and funding models misaligned with digital realities.

Participants highlighted the need for shared maturity frameworks, ethical governance models, and evidence-informed pathways to support cross-sector coordination. Several contributors stressed the human dimensions of transformation—fear, trust, identity—as equally critical as the technology itself. While enthusiasm for AI is widespread, success will depend on balancing innovation with public value, workforce support, and a clear sense of purpose.

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## KEY THEMES AND INSIGHTS

### FROM PROOF-OF-CONCEPT TO SYSTEM-WIDE INTEGRATION

Several organisations shared examples of successful AI pilots—from dispute resolution tools to automated procurement agents and digital workforce augmentation. However, a consistent theme emerged: while experimentation is now common, very few agencies have achieved systemic implementation. As one participant put it, “The proof of concept is the sugar hit. At some point, we have to cook the whole meal.”

Scaling requires more than successful trials. It demands modernised data systems, strong governance, strategic clarity and sustained leadership commitment.

### DATA INFRASTRUCTURE AS THE CORNERSTONE OF CHANGE

Data was consistently framed as the invisible infrastructure powering transformation. Participants described persistent challenges with siloed data, inconsistent standards, and systems unable to support integration at scale. Several contributors called for a “common data fabric” across government, noting that AI models are only as good as the datasets they can access.

One agency shared efforts to connect disparate licensing systems to prevent unfit individuals from re-entering the system under different credentials. Others described how standardised metadata and API infrastructure are being prioritised as critical enablers of AI at scale.

### AI ETHICS AND HUMAN-CENTRED RISK MANAGEMENT

Participants expressed concern about workforce fears and public trust. While leaders often anticipate resistance to AI, survey data suggests most staff are open to using these tools to enhance impact. The real issue lies in leadership capability, change management and governance.

AI should free people to focus on empathy, judgement, and complex problem-solving. Embedding ethical principles and transparency into AI development was seen as essential to maintaining legitimacy.

### STRATEGIC LEADERSHIP AND THE DIGITAL MATURITY GAP

Digital enthusiasm within the workforce is not always matched by digital capability at the leadership level. Several participants described senior decision-makers as hesitant, risk-averse, or under-informed. In some cases, agencies are developing capability in isolation, leading to duplicated investments.

The absence of consistent leadership frameworks and long-term planning was widely noted. Participants proposed a shared model of maturity, tracking digital, cultural, and strategic readiness across agencies.

### REDEFINING VALUE: FROM EFFICIENCY TO PURPOSE

Efficiency remains a key driver of AI adoption, particularly amid constrained budgets. However, contributors urged a shift in framing—from “doing more with less” to delivering better outcomes with existing resources.

As AI reshapes organisational design, participants called for a deliberate approach.

## CHALLENGES AND BARRIERS

### FRAGMENTED TECHNOLOGY AND LEGACY SYSTEMS

Numerous agencies continue to operate decades-old systems that inhibit integration and modernisation. Fragmentation across departments and platforms leads to costly duplication, with one participant describing it as “everyone building the same thing in the most expensive way possible”.

### RIGID FUNDING MODELS AND SHORT-TERM PLANNING

The annual budget cycle, designed for capital-heavy infrastructure, is poorly suited to the operating expenses associated with digital transformation. AI initiatives require long-term investment and iterative delivery.

Participants called for funding models that support sustained experimentation, technology exit strategies, and enterprise-level planning.

### REGULATORY AND LEGISLATIVE CONSTRAINTS

Regulatory compliance remains a key barrier to AI innovation, especially in justice and human services contexts. Several participants called for legal reform that enables adaptive service design while maintaining accountability and oversight.

### CULTURAL RESISTANCE AND CHANGE FATIGUE

Participants described an ongoing challenge of aligning technological change with human psychology. In some cases, performance metrics or incentive structures actively discourage innovation. Others spoke of workforce fear or exhaustion stemming from rapid change and unclear expectations.

## FUTURE FOCUS AREAS

### AI-AUGMENTED WORKFORCE DESIGN

Agencies need clear models to describe how AI will interact with roles, responsibilities and service delivery. This includes defining what “AI-ready” roles look like, and what skills are required to thrive in augmented environments. Change management, psychological safety and cross-disciplinary training were noted as critical areas for future research and development.

### SHARED MATURITY FRAMEWORKS

Participants supported developing shared maturity models to track progress across digital infrastructure, leadership capability, and ethical governance. Such frameworks could support peer learning, investment prioritisation, and transparent benchmarking.

### RESPONSIBLE INNOVATION AND ETHICS GOVERNANCE

Developing sector-wide AI governance frameworks was widely endorsed. Participants pointed to the need for ethical guidelines, risk modelling and ongoing oversight—not only during development, but throughout deployment. Academic institutions were seen as key partners in developing and stress-testing such frameworks.

### REFORMING BUDGETING AND INVESTMENT CYCLES

Long-term transformation requires funding models aligned to digital lifecycles. Participants called for new public finance rules that distinguish between infrastructure-heavy and cloud-based digital investments. Flexible, multi-year budgeting would enable agencies to decommission legacy systems and invest in scale-ready platforms.

## INNOVATIVE IDEAS AND CASE STUDIES

### 1. AGENTIC AI FOR STUDENT SUPPORT

A university deployed agentic AI tools in its learning management system, providing 24/7 support for students and academic staff. These digital agents assist with assignments, feedback, and systems navigation. To humanise adoption, bots were given names and “birthdays,” easing integration into staff teams.

### 2. REGULATORY REFORM THROUGH DIGITAL ACCREDITATION

A transport-focused agency is integrating data and system architecture to support automated accreditation for tens of thousands of drivers. By streamlining data flows across departments, the agency aims to proactively flag safety risks and enhance public confidence.

### 3. DISPUTE RESOLUTION THROUGH AI MEDIATION

A tribunal service is shifting from paper-based processes to an AI-enabled case management system, allowing asynchronous, low-complexity disputes to be resolved outside formal hearings. The initiative aims to enhance fairness for self-represented litigants and improve procedural efficiency.

### 4. CLOUD-FIRST TRANSFORMATION FOR SAFETY REGULATION

One agency undertook an enterprise architecture review before migrating all systems to the cloud. Machine learning is now embedded in its compliance operations, providing predictive risk insights and improving audit quality.

### 5. CROSS-SECTOR AI WORKING GROUPS

A justice-sector agency established an AI working group to explore use cases across five experimental “containers”. These included pilots with universities and private vendors, with a strong focus on knowledge transfer and avoiding lock-in. The challenge now lies in scaling these projects within legal and ethical boundaries.



# STRATEGIC OUTCOMES AND RECOMMENDATIONS

## IMMEDIATE ACTIONS

- **Standardise data practices:** Agencies should collaborate to establish shared data definitions and standards, enabling interoperability and reducing duplication.
- **Activate university partnerships:** Collaborate with academic institutions to co-develop maturity models, workforce design strategies and governance frameworks.
- **Establish internal taskforces:** Create cross-functional groups to manage AI implementation, including legal, procurement, data and human resource representatives.
- **Start scenario planning:** Develop use-case roadmaps outlining how AI could reshape service delivery, workforce requirements, and citizen engagement.

## MEDIUM-TERM GOALS

- **Implement AI-augmented workforce models:** Develop guidance for managers and HR teams on how to structure AI-enabled teams, including training pathways and organisational design.
- **Pilot digital-first budget cycles:** Work with central finance agencies to trial funding models suited to AI adoption, including phased OpEx allocations and exit plans.
- **Build responsible AI toolkits:** Develop internal ethical AI frameworks with practical decision-making tools and templates for staff.
- **Create a Public Sector AI Maturity Index:** Launch a benchmarking framework to help agencies track and compare their progress across key transformation domains.

## LONG-TERM VISION

- **Embed purpose-driven transformation:** Align AI investment with long-term public value—equity, sustainability, access—rather than short-term efficiency gains.
- **Reform legislation for adaptive service design:** Advocate for outcome-focused legislation that enables adaptive, technology-supported models of public service.
- **Support evidence-led policy and advocacy:** Expand the role of research institutions in generating the evidence base for reform, providing case studies, scenario modelling and cross-jurisdictional insights.

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We've been able to engineer a new program antithetical to the classical red tape, administration, and risk-aversion that impedes innovation.

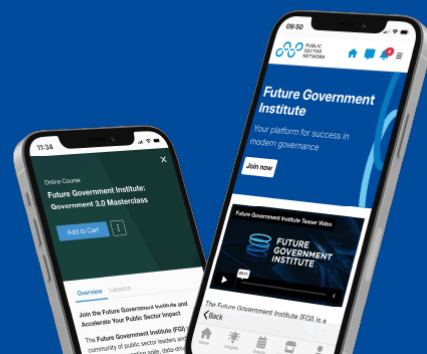
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Our mission is to empower government professionals with the tools, insights, and networks needed to drive meaningful transformation - <https://publicsectornetwork.com/future-government-institute/>

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PSN's growing community spans across federal, state, and local government departments, healthcare, and education, allowing members to share information, access the latest in government innovation, and engage with other like-minded individuals on a secure and closed-door network.

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