



# THE VALUE IMPERATIVE: RETHINKING DIGITAL IDENTITY, PROCUREMENT AND INNOVATION

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## IN BRIEF

The third session of the GX roundtable series—hosted by the Future Government Institute in partnership with Torrens University—brought together leaders across South Australian government departments, academia, and industry to explore strategies for overcoming barriers to digital transformation. The focus of this session was digital identity (ID), interoperability, public-private collaboration, and the mechanisms for scaling successful pilots into enterprise-wide systems.

Participants engaged in a candid, solutions-focused dialogue under Chatham House rules, identifying critical friction points: fragmented digital identity standards, the limitations of procurement frameworks, the struggle to scale proof-of-concept (POC) initiatives, and workforce capability constraints. South Australia's current reliance on "myID" was acknowledged as a stabilising force, yet seen as a short-term solution within a broader, still-forming national digital strategy.

The session underscored that experimentation is widespread—100% of attendees reported running digital pilots in the past year—but implementation remains uneven. Cross-agency collaboration and visibility emerged as key enablers, as did co-design with universities and SMEs. Procurement reform, data-sharing frameworks, and consistent governance models were identified as levers to unlock more scalable, citizen-centred outcomes.

Significantly, participants called for a shift from "proof of concept" to "proof of value", demanding greater attention to benefit realisation, risk accountability, and long-term sustainability. As funding pressures persist, the conversation turned toward new mechanisms for federated collaboration, strategic vendor management, and embedding AI-ready governance early in system lifecycles.

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## KEY THEMES AND INSIGHTS

### INTEROPERABILITY REQUIRES MORE THAN STANDARDS

While the aspiration for interoperability was unanimous, practical implementation remains elusive. Participants recounted efforts to align with national frameworks—such as through the myID platform—but noted the absence of a truly federated, scalable model. South Australia’s exclusive adoption of myID was cited as a practical short-term step, though its limitations (e.g., lack of Level 3 assurance and business ID support) restrict broader application.

One participant described the revelation among federal counterparts of the underutilised potential of the ATO’s Relationship Authorisation Manager (RAM), initially designed for tax delegations but ripe for re-use in identity authorisation contexts. However, technical friction and fragmented digital strategies across states continue to hinder momentum.

### THE DIGITAL IDENTITY DIVIDE: CITIZENS VS. BUSINESSES

The session revealed a conceptual rift in how digital identity is approached for citizens versus businesses. Current systems like myID do not support organisational identity constructs, leading to inefficient workarounds—such as using an individual’s credentials to act on behalf of a company. This misalignment stymies digital licensing, delegation management, and business-to-government transactions.

Participants emphasised that identity frameworks must differentiate between authentication (who you are) and authorisation (what you can do), with federated directories or secure enclaves proposed as workable solutions in multi-organisational contexts such as collaborative research or regulated environments.

### PROCUREMENT IS A CRITICAL DESIGN CHALLENGE

Traditional procurement practices emerged as a persistent inhibitor to innovation. Attendees critiqued detailed, technology-locked specifications that constrain emergent solutions. One department trialled a problem-based procurement model, asking vendors for solution proposals rather than compliance with prescriptive statements. However, many acknowledged that few public servants are trained in how to frame problem statements—a gap impeding adoption of agile approaches.

Examples from Ukraine’s defence sector and COVID-era rapid procurement illustrated how urgency can trigger creative system redesigns. Yet in peacetime, overly cautious processes, skills gaps, and unclear risk tolerances encourage stagnation.

### COLLABORATION IS NATURAL—UNTIL SYSTEMS PREVENT IT

The room echoed a consistent theme: public servants are eager to collaborate, but structural and procedural silos make it difficult. Interactions between central agencies and line departments were flagged as inconsistent, with IT and business units often working in parallel rather than in partnership.

Several participants proposed mapping shared services across government, beginning with a transparent service catalogue from the OCIO. This would reduce redundant spend and support federated reuse. In parallel, co-funding models like the Digital Investment Fund (DIF) were praised for incentivising cross-agency adoption of common platforms.

# CHALLENGES AND BARRIERS

## SYSTEMIC PROCUREMENT LIMITATIONS

Procurement frameworks prioritise risk aversion over innovation. Participants observed that attempts to embed AI or automation often stall because procurement processes treat pilots as isolated events—requiring full re-tendering when scaling up. Additionally, current processes lack embedded mechanisms for pre-market collaboration and vendor discovery.

## SCALING FROM POC TO ENTERPRISE

Despite widespread experimentation, few pilot initiatives are successfully scaled. As one CIO put it, “we’re entrenched in POC fatigue.” Technical readiness is often not matched by procurement readiness, and central agency buy-in is inconsistent. Fragmented governance structures and unclear pathways from innovation to institutionalisation limit broad transformation.

## INVISIBLE INNOVATION AND KNOWLEDGE SILOS

Lack of visibility into ongoing initiatives across departments leads to redundancy. Participants shared anecdotes of developing parallel OCR tools within the same sector, unaware of one another’s efforts. Mechanisms to detect and avoid duplication—particularly at Treasury or central agency approval stages—remain weak.

## WORKFORCE CAPABILITY AND ROLE CLARITY

Both technical and organisational capability gaps were cited. In particular, the absence of clear pathways for engaging research partners, training public servants in value-based procurement, and managing vendor ecosystems were noted. In federated systems, alignment on priorities is made harder by decentralised incentives and uneven executive buy-in.

# FUTURE FOCUS AREAS

## FEDERATED IDENTITY GOVERNANCE

There is a pressing need to co-design a federated digital identity strategy that includes business identity, verifiable credentials, and delegation mechanisms. States and territories should work with the Commonwealth to clarify standards, roles, and reusability of platforms like RAM.

## PROCUREMENT INNOVATION CAPACITY BUILDING

Participants called for skills uplift in value-based procurement design. Investment in training on problem-framing, agile contracting, and innovation-friendly evaluation methods would empower teams to procure outcomes—not just compliance.

## CROSS-AGENCY VISIBILITY PLATFORMS

To reduce duplication and enhance reuse, South Australia could explore establishing a shared service register or innovation catalogue. This would document pilots, platforms, and services available for reuse or adaptation by other agencies.

## EMBEDDING RESEARCH PARTNERSHIPS EARLY

Rather than commissioning research late in the policy cycle, government agencies could embed research partnerships from project inception. Programs such as professional doctorates, co-designed with Torrens University, offer models for practitioner-led, embedded research aligned to agency priorities.

# INNOVATIVE IDEAS AND CASE STUDIES

## 1. POLICY DOCUMENT DIGITISATION USING AI

One department piloted an AI-powered document library to centralise and classify policies and procedures. Starting with low-risk information, they ensured information classification protocols were built in from the outset—enabling a streamlined transition to an enterprise-grade implementation. This demonstrates a proactive approach to scaling, where the POC infrastructure is intentionally future-proofed.

## 2. AI-DRIVEN WORKFLOW OPTIMISATION IN PATHOLOGY

Multiple pathology teams reported parallel innovation efforts using OCR and handwriting recognition to reduce data entry workloads. In one case, a researcher-developed tool was nearing pilot stage, with plans to validate it through parallel testing. Another team implemented robotic front-end automation. These examples highlight a fertile space for coordinated innovation—provided systems are put in place to connect efforts and prevent redundancy.

## 3. DHS GRANT MANAGEMENT PLATFORM AS A SHARED ASSET

The Department of Human Services (DHS) shared a promising model for collaborative procurement: a grant management platform developed through a two-stage procurement process, supported by DIF funding. DHS invited multiple agencies into a co-design forum, iterated via sprints, and selected a configurable system with minimal customisation to maximise reusability. Other agencies may adopt the platform without duplicative investment—offering a scalable model for digital infrastructure.

## 4. PROFESSIONAL RESEARCH PATHWAYS IN GOVERNMENT

Torrens University presented its professional doctorate and Masters of Professional Research programs, tailored to public sector practitioners. These programs embed research within organisational settings, targeting workforce development in domains like AI, project management, and workforce transformation. Multiple attendees expressed interest in piloting these offerings within their departments, viewing them as a means to align academic rigour with urgent operational needs.



# STRATEGIC OUTCOMES AND RECOMMENDATIONS

## IMMEDIATE ACTIONS

- **Establish a Visible Shared Services Register:** Led by the OCIO, develop a discoverable, up-to-date register of platforms, pilots, and services available for reuse.
- **Launch Procurement Problem-Framing Training:** Equip teams with the skills to frame problem statements and run outcome-based procurements.
- **Document AI and OCR Pilots:** Conduct a quick environmental scan to map OCR and AI pilots across health and human services and reduce duplication.

## MEDIUM-TERM GOALS

- **Pilot Business Digital Identity Models:** Extend existing citizen identity systems (e.g. myID) to enable business identities, with traceable delegation and authorisation models.
- **Develop a Proof-of-Value Framework:** Replace traditional pilot methodologies with structured frameworks that evaluate return on value, not just feasibility.
- **Create a Research Engagement Gateway:** Establish a streamlined process for departments to partner with universities on co-designed research, with funding mechanisms tied to public sector innovation goals.

## LONG-TERM VISION

- **Institutionalise Cross-Government Co-Funding:** Formalise multi-agency funding and governance models—like the one used in DHS’ grants platform—for future shared solutions.
- **Standardise AI Governance Across Health and Human Services:** Build sector-wide governance and validation pathways for AI implementation, including regulatory alignment and post-deployment oversight.
- **Incentivise Innovation Through Risk-Informed Investment:** Embed risk-tolerance thresholds in digital investment processes to avoid “defaulting to safe” and unlock transformative solutions.



# ABOUT THE FUTURE GOVERNMENT INSTITUTE (FGI) RESEARCH COUNCIL

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

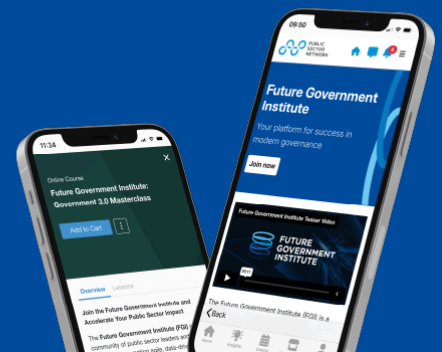
Public Sector Network has recently launched The Future Government Institute (FGI), a global hub for forward-thinking public sector leaders, innovators, and practitioners dedicated to shaping the next era of governance.

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

Leveraging our extensive connections, we are uniting the sharpest minds from government, academia, and industry via monthly research-driven roundtables, hosted at esteemed national centres of research, courtesy of university partners across Australia and New Zealand.



Welcome to  
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## ABOUT PUBLIC SECTOR NETWORK

Public Sector Network is a research company that represents public sector professionals across Australia, Canada, New Zealand, and the USA. It develops roundtables, seminars, and conferences to suit current areas of interest to government agencies and their suppliers.

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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