



# TWO STICKS AND A FIRE: BUILDING MOMENTUM FOR SYSTEMIC DIGITAL REFORM

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## IN BRIEF

In May 2025, the Future Government Institute and QUT convened a roundtable of senior leaders from federal and state government agencies to examine practical strategies for lifting public sector productivity through digital transformation. Building on the GX framework and lessons from the COVID era, the forum dissected the enduring barriers to systemic innovation—including outdated legislative structures, risk-averse cultures, and fractured funding models—and explored emergent thinking on service-centred governance, AI readiness, and platform interoperability.

The discussion underscored the critical need to reorient digital transformation around service experience, not technology ownership, and to industrialise agility through mechanisms such as modular funding, cross-agency orchestration, and empowered risk-taking. Participants highlighted the potential of lightweight, iterative innovation methods to cut through bureaucratic inertia, the importance of shared infrastructure for data discovery, and the value of reimagining accountability structures to reward—not penalise—calculated experimentation.

Drawing on practical lessons from New South Wales' whole-of-government transformation, the group explored how to scale pilots, quantify ROI beyond budget cycles, and embed trust principles in readiness for the G3 and G4 government eras. The session called for concrete, replicable playbooks for collaborative delivery, proactive audit models, and agile governance—all grounded in the lived expertise of public servants navigating these tensions daily.

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## KEY THEMES AND INSIGHTS

### “GIVE ME TWO STICKS AND I’LL START A FIRE” – THE POWER OF LOCAL MOMENTUM

Participants repeatedly stressed the transformative value of bottom-up collaboration, even in a system hamstrung by structural rigidity. A recurring metaphor—“give me two sticks and I’ll start a fire”—captured the notion that genuine momentum often begins with just two leaders willing to work together across silos. Several participants cited micro-collaborations, such as shared microservice architectures or cross-agency platforms, that had proven more catalytic than top-down directives.

This logic of minimal viable partnership was identified as essential for accelerating interoperability. While grand frameworks often stall, tangible collaboration between two or three agencies creates proof points that can then be scaled and adopted incrementally across government.

### FROM GOLF BALLS TO GOLF SWINGS – TECH IS NOT THE TRANSFORMATION

One speaker offered a striking analogy: in digital transformation, the technology is just the golf ball; the real challenge is the swing—the ingrained behaviours and cultural norms that govern how decisions are made. This metaphor guided a broader conversation on the limits of digitising broken processes and the dangers of superficial transformation.

Participants argued that focusing solely on platforms or tools leads to “faithfully digitising broken manual processes.” Instead, transformation must begin with rethinking workflows, policy logic, and service design from the ground up—anchored in human-centred and outcome-focused approaches.

### THE GX FRAMEWORK: FROM E-GOVERNMENT TO CONNECTED GOVERNANCE

The GX model—tracing government evolution from G0 (paper-based) to G4 (agent-based AI)—provided a unifying framework for understanding current challenges. Many participants agreed that Australia remains stuck in a G2 mindset (siloes, transactional government) despite briefly glimpsing G3 (connected government) during the pandemic.

Crisis conditions had enabled inter-agency co-location, fast decision loops, and shared delivery mandates. These behaviours, however, were not institutionalised post-crisis. The conversation urged attendees to treat productivity as the next existential crisis, warranting a similarly coordinated, mission-driven response.

### TRUST ARCHITECTURE IS THE MISSING INFRASTRUCTURE

Across discussions on data sharing, AI, and digital identity, the unifying concern was the absence of a modern trust architecture.

Fragmented legislation, unclear mandates, and siloes governance have made it difficult to build cohesive, citizen-centred digital services.

The roundtable surfaced a compelling framing: who, what, where, and why—a trust matrix that begins with verified identity, extends through credentials and geolocation, and culminates in ethical assurance. Without this layered model, efforts to adopt AI or automate services risk faltering under legal, cultural, and reputational constraints.

## CHALLENGES AND BARRIERS

### LEGISLATIVE DEBT AND THE CULTURE OF NO

Just as technology suffers from technical debt, participants argued that government suffers from “legislative debt”—a tangle of outdated statutes and inherited rules that restrict even high-trust, consent-based data sharing. Even when legal barriers can be overcome, cultural inertia often prevails: departments continue to hoard data or replicate legacy processes due to risk aversion and unclear authority.

This was compounded by a compliance-first mindset in agencies, where internal governance models, such as gateway reviews and rigid financial year cycles, suppress experimentation. Some leaders described how even modest pilots are viewed with suspicion if they don’t tick every box up front, making safe-to-fail approaches difficult to institutionalise.

### PROCUREMENT PARALYSIS AND THE EMPIRE STRIKES BACK

Several attendees shared frustrations with procurement bottlenecks, describing how software acquisitions can languish for months or years, regardless of urgency. The deeper issue was identified as structural: “we’re building moats, not platforms,” as one put it. Projects are funded in one-off, siloed bursts that incentivise empire-building over reusability.

Despite pockets of agility, the gravitational pull of “waterfall” procurement models—exacerbated by annual budget cycles and defensive audit cultures—remains dominant. The institutional resistance to killing underperforming projects was also cited as a core blocker, with business case authors reluctant to backtrack for fear of reputational loss.

## FUTURE FOCUS AREAS

### AGILE BY DESIGN: CREATING SAFE HAVENS FOR EXPERIMENTATION

A resounding theme was the need for codified frameworks for “safe-to-fail” innovation. This includes establishing repeatable governance patterns, such as standing subcommittees with delegated risk authority, reusable templates for sandboxing policies, and direct escalation channels for early-stage experimentation.

One proposed initiative: a “minimum viable safe harbour” model that outlines the basic legal, ethical and operational safeguards required to trial innovative ideas with reduced bureaucracy. Participants stressed that having predictable pathways to prototype, pivot or kill projects is essential to restoring innovation confidence.

### EXPERIENCE-CENTRIC INDEXING AND SERVICE ROI BASELINES

To influence both funding and audit expectations, several participants called for a national framework to quantify service experience as an index of success, particularly for digital investments. Drawing inspiration from commercial ROI models, the approach would track both citizen experience and inter-agency service efficiencies—giving public sector leaders shared, non-budgetary language to justify innovation.

A related proposal involved piloting a “continuum model” for automation, where processes are triaged based on sensitivity and risk tolerance—from paper-based legacy workflows to high-value generative AI applications.

## INNOVATIVE IDEAS AND CASE STUDIES

### 1. CIRCLE OF SERVICE: DEMOCRATISING PROBLEM SOLVING

A standout example came from a department in New South Wales, which implemented a “Circle of Service” model—a fortnightly forum where every staff member, from frontline workers to executives, could nominate and vote on service pain points. The most upvoted issue was then prioritised for rapid redesign, bypassing traditional hierarchies and budget gating.

This created a continuous pipeline of small, high-impact fixes, with solutions funded internally and delivered in fast cycles. The model exemplifies how governments can embed innovation into everyday operations without waiting for major reform programs or budget cycles.

### 2. NOAH'S ARK FOR REFORM: A PARTNERED APPROACH TO FUNDING

Another compelling concept was described as the “Noah’s Ark model” of funding: to unlock central innovation funds, departments had to buddy up with at least one other agency. This structurally incentivised collaboration, broke down silos, and reinforced the idea that shared outcomes require shared delivery mechanisms.

By embedding funding rules that favour cross-agency pilots, governments can transform isolated innovation into replicable system reform. Participants proposed adapting this into a future-oriented discretionary fund model for digital and AI initiatives, capped at modest amounts (e.g. \$150,000) to de-risk early-stage experimentation.

### 3. AGILE LEGISLATION: FROM LORE TO LAW

A strategic shift highlighted in the discussion was the effort to translate regulatory “lore” into agile “law”. For instance, New South Wales passed a dedicated data sharing act in 2015, which provided a legal green light for inter-agency collaboration. However, the act alone wasn’t enough—culture remained a barrier until enforcement mechanisms, such as inter-ministerial governance committees, compelled action.

This two-step model—legal clarity followed by operational enforcement—offers a blueprint for other jurisdictions grappling with fragmented data policy environments.



# STRATEGIC OUTCOMES AND RECOMMENDATIONS

## IMMEDIATE ACTIONS

- **Catalogue Before You Build:** Establish or enhance data catalogues at the metadata level to allow for safe discovery and reuse across agencies, using models like the Office of the National Data Commissioner’s Data Discovery catalogue or departmental equivalents.
- **Shift Business Case Metrics:** Begin pilot projects that quantify service delivery in terms of experience-based ROI rather than only financial outputs. Focus on internal productivity gains, paper reduction, and inter-agency service efficiencies.
- **Use Agile Language in Funding:** Reframe internal AI and automation projects using “technology-enabled” language to reduce fear and defensiveness, particularly in early-stage funding conversations.

## MEDIUM-TERM GOALS

- **Launch a G3 Safe Harbour Model:** Design and trial a framework for safe, compliant experimentation in a regulated context—detailing governance structures, oversight needs, escalation paths and post-trial review criteria.
- **Stand Up an Innovation Dividends Fund:** Establish a discretionary fund (under ~\$150,000) accessible only via partnered, cross-agency proposals. Apply light-touch governance to fast-track delivery of prototypes.
- **Rebuild Trust Metrics:** Develop a trust architecture for public services based on the “who, what, where, why” matrix—incorporating security, resilience, privacy, inclusion, transparency, and ethics into every transformation initiative.

## LONG-TERM VISION

- **Institutionalise a CXO Role:** Advocate for a dedicated Chief Experience Officer (CXO) for government, with remit over citizen interaction and public service delivery outcomes—mirroring the elevation of CIO and CFO roles in past decades.
- **Create a Global G3 Knowledge Engine:** Leverage the Future Government Institute’s international network to build a curated repository of working models, pattern libraries, and peer-reviewed service innovations across democratic governments.
- **Rewire Audit and Risk Thinking:** Engage national audit institutions in evolving their performance frameworks to reward responsible innovation, celebrate strategic failures, and penalise inertia, rather than risk-taking.

# 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.

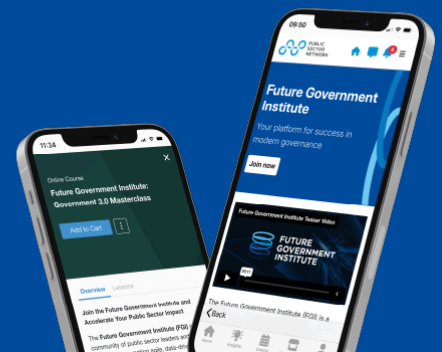
Public Sector Network has recently launched The Future Government Institute (FGI), a global hub for forward-thinking public sector leaders, innovators, and practitioners dedicated to shaping the next era of governance.

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  
**Future Government Institute**  
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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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