



THE HIDDEN CONSTRAINTS ON DIGITAL PRODUCTIVITY IN THE PUBLIC SECTOR

EXECUTIVE SUMMARY | VOL.33 | QUT CANBERRA EXECUTIVE EDUCATION CENTRE

IN BRIEF

The Research Council convened a cross-sector roundtable bringing together senior public servants, regulators, technologists, academics and industry partners to examine the state of digital transformation in government. The discussion focused on three interconnected themes: building digital capability and maturity, designing citizen-centric services around life events, and strengthening collaboration and digital sovereignty.

Participants broadly agreed that while many agencies are actively digitising services, few are achieving true transformation at scale. Most organisations self-identified as operating at an “evolving” level of digital maturity, with progress constrained by legacy legislation, fragmented governance, cultural risk aversion, and limited incentives for cross-agency collaboration. A recurring insight was that digital transformation is being treated as a technology challenge rather than a service and value transformation agenda.

The roundtable highlighted that legislative and policy frameworks, many drafted prior to digital delivery models, now act as binding constraints on data sharing, automation and integrated service delivery. These barriers undermine productivity, erode public trust, and prevent agencies from responding effectively to citizen life events. Participants emphasised that future progress depends on enabling legislation, stronger centre-led coordination, workforce capability uplift, and a shift from agency-centric delivery to public value outcomes. Practical examples demonstrated that when transformation is framed around human impact, such as victim outcomes or workforce enablement, agencies are more likely to deliver measurable benefits, including productivity gains of up to 25 percent in high-cognitive roles.

By **Patrick Joy** | Head of Research & Analysis | [Public Sector Network](#)



KEY THEMES AND INSIGHTS

DIGITAL TRANSFORMATION IS INCREMENTAL, NOT TRANSFORMATIONAL

Participants observed that most agencies are digitising existing processes rather than rethinking how services should operate end to end. While pilots and prototypes are common, they are rarely scaled across agencies or sustained beyond individual programs. Several contributors noted that government continues to “transform in silos”, resulting in duplicated systems, inconsistent user experiences, and limited reuse of existing capabilities.

A clear distinction emerged between transformation that ships new tools and transformation that changes how work is done. Agencies demonstrating stronger progress were those that focused on understanding real operational problems, particularly workforce pain points and service bottlenecks, before selecting technology solutions. In contrast, large monolithic programs were repeatedly cited as high-risk, costly, and politically fragile.

CULTURE, INCENTIVES AND LEADERSHIP MATTER MORE THAN TECHNOLOGY

A consistent theme was that technology is rarely the root cause of failure. Instead, participants pointed to cultural factors, including risk aversion, fragmented accountability, and incentives that reward agency-specific delivery over collective outcomes. Senior leaders are often held accountable for individual program performance, not for improving system-wide service experiences.

Several participants noted that digital progress frequently stalls when senior champions depart, highlighting the fragility of personality-driven reform. Without embedded governance, capability and incentives, momentum dissipates quickly.

Trust was identified as both a driver and inhibitor, with agencies sometimes equating trust preservation with inaction, rather than with improving service outcomes.

LEGISLATIVE AND POLICY CONSTRAINTS ARE A STRUCTURAL BARRIER

Legacy legislation was repeatedly cited as one of the most significant inhibitors to digital maturity. Participants described environments where agencies are unable to share data internally, automate basic decisions, or reuse information already held by government. In some cases, citizens are required to formally request their own data to complete transactions.

These constraints are not limited to service delivery. Workforce automation, analytics, and decision support tools are also constrained by unclear authorisation, outdated consent models, and fear of unintended consequences following high-profile failures. Participants argued that digital transformation cannot proceed without deliberate, enabling legislative reform aligned to modern service models.

LIFE EVENTS ARE A LENS, NOT A DELIVERY MODEL

While life events remain a powerful framework for understanding citizen needs, participants cautioned against treating them as a blueprint for building new apps or platforms. The real value of life events lies in revealing where government must share data, align processes, and remove friction behind the scenes.

Examples demonstrated that effective life-event design often results in invisible improvements, such as seamless data exchange between agencies, rather than new front-end services. Participants stressed that life events should inform service priorities, not dictate technology solutions.

CHALLENGES AND BARRIERS

FRAGMENTED GOVERNANCE AND ACCOUNTABILITY

The absence of strong, centre-led authority to mandate collaboration was identified as a persistent challenge. Agencies retain control over budgets, systems and roadmaps, limiting the ability to coordinate shared platforms or common business processes. Existing governance bodies were viewed as advisory rather than directive.

RISK AVERSION AND TRUST DEFICIT

High-profile failures have created an environment where automation and data use are viewed as inherently risky. Participants noted that this has led to conservative interpretations of policy and legislation, often exceeding legal requirements. As a result, agencies default to manual processes even where automation could reduce error and improve outcomes.

WORKFORCE CAPABILITY AND CHANGE FATIGUE

While pockets of strong human-centred design and digital expertise exist, these capabilities are not embedded consistently across agencies. Designers, data specialists and product managers are often concentrated in centres of excellence, limiting their influence on day-to-day decision-making. Change fatigue and uncertainty about job impacts further constrain adoption.

INVESTMENT AND PROCUREMENT MODELS

Participants criticised large, upfront investment models that prioritise certainty over learning. Excessive reliance on external delivery partners, combined with weak internal ownership, has led to inflated costs and limited accountability. Smaller, staged investments were consistently associated with better outcomes.

FUTURE FOCUS AREAS

ENABLING LEGISLATION FOR DIGITAL GOVERNMENT

The Research Council could prioritise work on identifying legislative barriers to digital transformation and proposing practical reform options. This includes modernising consent models, clarifying data-sharing authorities, and enabling safe automation of routine decisions.

SERVICE TRANSFORMATION, NOT DIGITAL TRANSFORMATION

Future roundtables could reframe the conversation around service and public value transformation, shifting focus away from technology labels. This would support more meaningful engagement between policy, service delivery and digital leaders.

WORKFORCE CAPABILITY AND ROLE REDESIGN

There is a clear need for practical guidance on redesigning roles and workloads in environments where automation removes routine tasks but increases cognitive complexity. Capability development should address decision fatigue, wellbeing, and ethical use of technology.

CENTRE-LED COLLABORATION MODELS

International models where digital leadership is assessed and incentivised centrally warrant further exploration. The Research Council could host comparative sessions examining governance, funding and accountability mechanisms that enable cross-agency delivery.

INNOVATIVE IDEAS AND CASE STUDIES

1. HIGH-COGNITIVE PRODUCTIVITY GAINS IN JUSTICE SYSTEMS

Participants described public prosecution environments where digital tools were applied to summarisation, evidence consolidation and case preparation. Rather than increasing throughput, these initiatives focused on improving decision quality and reducing victim impact. In one example, prosecutors recovered approximately 25 percent of their working time, enabling better outcomes without increasing caseloads.

2. INCREMENTAL REGULATORY TRANSFORMATION

A regulatory agency described abandoning repeated large-scale transformation attempts in favour of small, self-funded pilots. By delivering a narrow self-service capability for external stakeholders, the agency demonstrated value quickly, built executive confidence, and unlocked further investment. Critical to success was clear operational ownership rather than IT-led delivery.

3. CENTRAL CAPABILITY HUBS WITH COMPLEX ANCHORS

An emerging state-based model involves consolidating digital, data and service design capabilities into a central hub, then deliberately anchoring it with the most complex service environments. This approach raises capability ceilings and creates reusable frameworks that other agencies can adopt incrementally.

4. LEARNING OVER REUSE

Participants emphasised that reuse does not require identical systems. Greater value often comes from sharing lessons learned, design approaches, and implementation insights, reducing risk and cost even where technical solutions differ.



STRATEGIC OUTCOMES AND RECOMMENDATIONS

IMMEDIATE ACTIONS

- Prioritise identification of legislative and policy barriers that directly inhibit digital service delivery, automation and data sharing.
- Shift investment proposals towards smaller, staged initiatives with clear learning objectives and defined public value measures.
- Embed service and business design expertise earlier in policy development, before legislative settings are finalised.

MEDIUM-TERM GOALS

- Establish stronger centre-led mechanisms to coordinate shared platforms, standards and capabilities, supported by incentives and performance measures.
- Expand workforce capability beyond centres of excellence by embedding design, data and product skills within operational teams.
- Develop practical guidance for managing workforce transitions as routine tasks are automated and cognitive demands increase.

LONG-TERM VISION

- Reframe government transformation agendas around public value and service outcomes rather than technology adoption.
- Modernise legislative frameworks to support proactive, personalised and predictive services while maintaining trust and accountability.
- Build sustained cross-sector collaboration between government, academia and industry to continuously adapt to emerging challenges.

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.

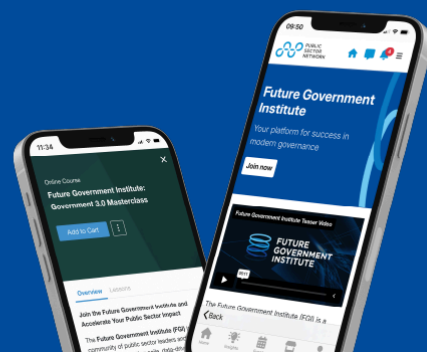
Public Sector Network has recently launched The Future Government Institute (FGI), a global hub for forward-thinking public sector leaders, innovators, and practitioners dedicated to shaping the next era of governance.

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
Your platform for success in
modern governance



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.

AUSTRALIA / NEW ZEALAND

P +61 2 9057 9070

E INFO@PUBLICSECTORNETWORK.COM.AU

USA

P +1 (647) 969 4509

E HELLO@PUBLICSECTORNETWORK.COM

CANADA

P +1 (647) 459 8904

E CONTACT@PUBLICSECTORNETWORK.CO

Public Sector Network (Australia) Pty Ltd

ABN - 46 617 870 872 20-40

Meagher Street, Chippendale, Sydney NSW
2008, Australia