FUTURE GOVERNMENT INSTITUTE
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THE HARD PART AFTER THE HYPE: **SCALING AI AND EMERGING TECH IN THE PUBLIC SECTOR**

EXECUTIVE SUMMARY | VOL.35 | NEW ZEALAND

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IN BRIEF

The Research Council convened a roundtable of senior public servants, researchers, and technology practitioners to examine how governments can move beyond experimentation with emerging technologies and achieve scalable, trusted implementation. While artificial intelligence, digital credentials, automation, and agent-based systems are already reshaping service delivery, participants noted that most public sector activity remains concentrated in pilots, proofs of concept, and isolated trials.

A consistent theme was that technology capability is no longer the primary constraint. Instead, progress is limited by operating models, prioritisation mechanisms, data quality, and governance structures that were not designed for continuous innovation. Participants highlighted that agencies often lack the capacity to define clear problem statements, quantify benefits, and articulate value propositions in ways that secure sustained executive sponsorship. Where scaling has succeeded, it has typically been driven by strong leadership signals, clear frontline impact, and measurable productivity or performance gains.

The discussion emphasised that trust, both internal and public, will be a decisive factor in adoption. Transparent governance, proportionate risk management, and clear communication about how technologies are used, evaluated, and constrained were identified as essential enablers. The roundtable concluded that governments must rebalance effort away from technology experimentation alone and towards capability building in problem discovery, data stewardship, decision-making frameworks, and storytelling. Without this shift, the gap between research potential and operational impact will continue to widen.

By **Patrick Joy** | Head of Research & Analysis | **Public Sector Network**

KEY THEMES AND INSIGHTS

INNOVATION IS STALLING AT THE PILOT STAGE

Participants observed that many agencies are proficient at running pilots but struggle to move beyond them. This is rarely due to technical failure. Instead, pilots are often designed to be low-risk demonstrations, with no clear pathway to scale, no defined ownership beyond the experiment, and no resourcing model for transition into business-as-usual. As one participant noted, pilots are frequently "successful by design, but unscalable by default".

Successful scaling requires early clarity on the problem being solved, the outcome sought, and the operational environment into which the solution must fit. Where pilots fail to articulate these elements, they are easily deprioritised when competing with mandatory operational work.

DATA QUALITY IS THE HIDDEN CONSTRAINT

Across agencies, participants repeatedly returned to the issue of information management. Emerging technologies, particularly AI and agent-based systems, amplify existing data weaknesses rather than compensating for them. Inconsistent records, unstructured text, undocumented abbreviations, and fragmented systems reduce trust in outputs and increase risk.

Several participants shared examples where AI prototypes visibly exposed poor data practices, creating a more compelling case for investment in data quality than years of abstract data governance discussions. Seeing incorrect or ambiguous outputs helped execs understand why foundational data work is not optional, but a prerequisite for automation and intelligence.

LEADERSHIP SIGNALS DETERMINE WHAT SCALES

The roundtable highlighted that prioritisation, not absolute resourcing, is often the binding constraint. Innovation initiatives that reach executive leadership directly, with a clear articulation of frontline benefit, are far more likely to progress. In contrast, initiatives that enter standard prioritisation pipelines are frequently crowded out by regulatory, ministerial, or operational demands.

Participants described successful approaches where executives were explicitly asked to choose between low-risk, incremental improvements and higher-impact, controlled-risk initiatives. This reframed innovation as a leadership decision rather than a technical one and created organisational permission to reallocate effort away from legacy processes.

STORYTELLING IS A CORE CAPABILITY, NOT A SOFT SKILL

A recurring insight was that the public sector undervalues storytelling as an enabler of change. Technical teams often struggle to translate features into outcomes that resonate with executives, staff, and ministers. Where stories were framed around lived experience, such as time saved for frontline staff or improved client outcomes, adoption accelerated.

Externally, participants noted a strong reluctance among public servants to talk openly about work in progress. This caution, while understandable, limits sector-wide learning and reinforces a culture where only failures attract attention. Incremental success stories, shared early and often, were seen as a safer and more effective alternative to large, high-risk transformation narratives.

CHALLENGES AND BARRIERS

OPERATING MODELS BUILT FOR STABILITY, NOT INNOVATION

Many agencies continue to operate under models optimised for predictability and risk avoidance. Innovation work is expected to fit within the same governance, funding, and assurance structures as large capital programmes, leading to long lead times and diluted accountability.

LIMITED CAPABILITY IN PROBLEM DISCOVERY AND BENEFITS REALISATION

Participants identified a systemic gap in skills related to defining problems, articulating outcomes, and measuring success. Without clear success criteria, pilots struggle to demonstrate value, and decision-makers lack confidence to invest further. This results in wasted effort on technically impressive solutions that address poorly defined needs.

CULTURAL AVERSION TO VISIBLE FAILURE

While experimentation is encouraged rhetorically, there remains a strong perception that visible failure carries reputational and career risk. This discourages transparency, external engagement, and honest reflection on what did not work. Failures are often only discussed once they have escalated into crises.

FRAGMENTED GOVERNANCE AND ACCOUNTABILITY

Emerging technology governance is frequently layered on top of existing structures, creating duplication and confusion. Excessive gating can push innovation into shadow IT, increasing risk rather than reducing it.

FUTURE FOCUS AREAS

CAPABILITY BUILDING IN PROBLEM DISCOVERY AND DESIGN

Future Research Council activity could focus on strengthening public sector capability in problem framing, service design, and benefits realisation. This includes practical methods for identifying high-impact use cases and defining measurable outcomes before technology selection.

DATA STEWARDSHIP AND INFORMATION MANAGEMENT

Targeted forums on modern information management, including unstructured data, metadata standards, and access controls, would address a foundational constraint raised across the discussion. This is an area where shared learning could significantly reduce duplicated effort.

SCALING MODELS AND SHARED SERVICES

Participants expressed interest in centrally supported scaling functions that can identify successful pilots and help adapt them across agencies. Exploring international examples and feasibility in a New Zealand context would be valuable.

TRANSPARENCY, TRUST, AND PUBLIC COMMUNICATION

Given public trust concerns, future work could explore practical transparency mechanisms, such as model registers, evaluation reporting, and communication strategies that explain how emerging technologies are used and constrained.

INNOVATIVE IDEAS AND CASE STUDIES

1. FRONTLINE AUTOMATION WITH CLEAR PRODUCTIVITY METRICS

Several agencies described early use of AI-assisted transcription and case note search in high-volume service environments. These tools reduced manual documentation time by minutes per interaction, translating into measurable capacity gains across large teams. Importantly, these initiatives succeeded where they were framed as staff support tools rather than decision-makers.

2. DIGITAL CREDENTIALS FOR BUSINESS AND IDENTITY VERIFICATION

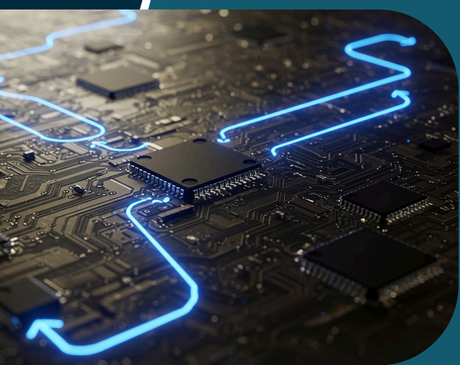
Work underway on digital credentials demonstrated how non-AI technologies can deliver immediate value by reducing friction in regulatory and business interactions. Linking credentials to existing identifiers enables faster verification while improving security and user experience.

3. DELEGATED RISK FRAMEWORKS FOR EMERGING TECHNOLOGY

One agency described implementing tiered risk thresholds that allow teams to proceed with low-risk use cases without central approval, while escalating higher-risk initiatives. This approach accelerated experimentation while preserving oversight where it mattered most.

4. TRANSPARENCY AS RISK MITIGATION

Participants cited examples where agencies proactively published AI policies, evaluation results, and usage constraints. This reduced speculation, built internal confidence, and led to more balanced media coverage. Transparency was positioned not as a compliance burden, but as a tool for trust preservation.



STRATEGIC OUTCOMES AND RECOMMENDATIONS

IMMEDIATE ACTIONS

- Identify one high-volume, repeatable task suitable for automation or AI assistance, with clear productivity metrics.
- Establish a cross-functional governance group covering legal, privacy, data, security, and service delivery.
- Publish a plain-language statement outlining how emerging technologies are currently used, including safeguards.
- Use rapid prototypes to demonstrate both value and data quality issues to executives.

MEDIUM-TERM GOALS

- Embed problem discovery and benefits realisation capability within digital and policy teams.
- Develop delegated risk frameworks that enable low-risk innovation without excessive escalation.
- Create mechanisms for sharing lessons learned across agencies, including partial successes and failures.
- Invest in data quality improvements aligned to priority use cases, not abstract maturity targets.

LONG-TERM VISION

- Transition from pilot-driven innovation to continuous improvement models supported by shared platforms and services.
- Establish sector-wide transparency mechanisms, such as a register of significant automated and AI-supported systems.
- Prepare the workforce for structural shifts driven by automation, including reskilling pathways and role redesign.
- Position public trust as a strategic asset, reinforced through consistent transparency, accountability, and engagement.

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.

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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