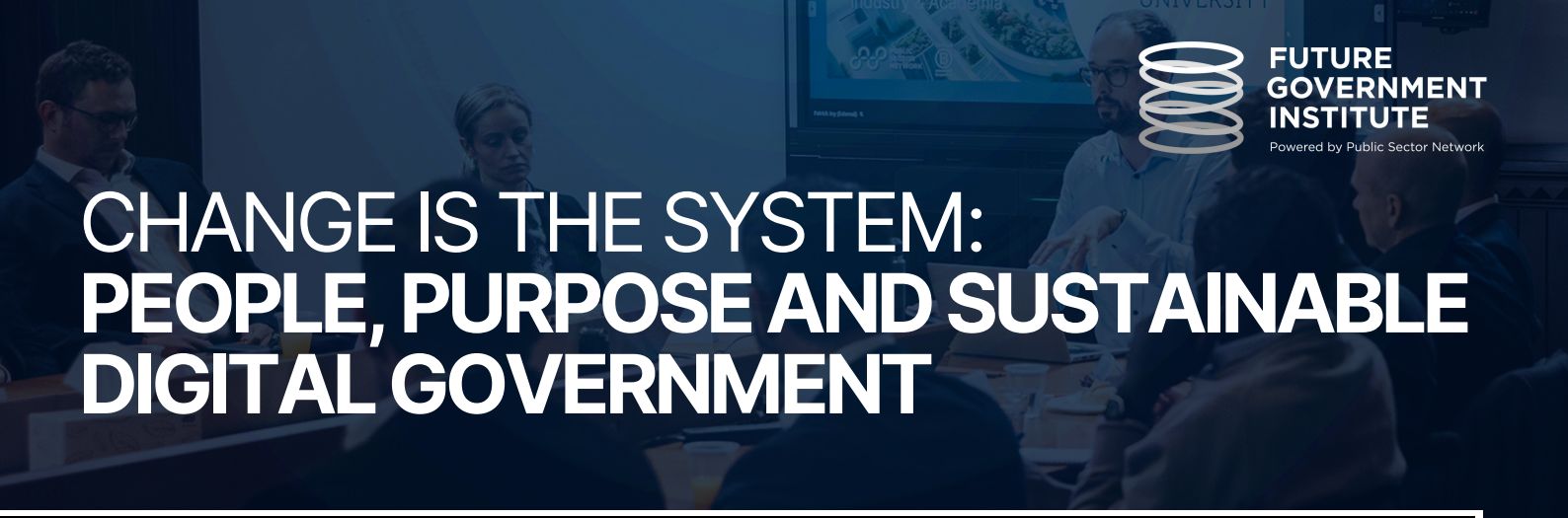


FUTURE GOVERNMENT INSTITUTE
Powered by Public Sector Network

CHANGE IS THE SYSTEM: PEOPLE, PURPOSE AND SUSTAINABLE DIGITAL GOVERNMENT

EXECUTIVE SUMMARY | VOL.39 | FEDERAL GOVERNMENT | UNIVERSITY OF CANBERRA

IN BRIEF

The Research Council convened a roundtable in Canberra to move from strategy to action planning, focusing on how agencies can build "machinery" for sustainable digital delivery inside existing structures. Participants from federal and territory government, integrity and regulatory agencies, and industry partners explored what enduring delivery looks like when legacy systems are approaching end-of-life, operating models are fragmented, and AI tooling is being adopted faster than governance can keep up.

Several contributions underscored that sustainable delivery is rarely limited by technology. It is constrained by workforce capability, organisational belief systems, incentives, and the practical realities of shared funding. One regulatory agency shared early results from a new self-service release, where certification time reduced from 70 days to 3 days, and in some cases 6 minutes, demonstrating that measurable gains can come from basic digitisation when paired with active product sustainment. Others highlighted structural challenges such as multiple CIOs within one jurisdiction, resulting in nine parallel CRMs and duplicated procurement.

AI readiness emerged as both an opportunity and a risk amplifier. Participants emphasised education as a "primary control", but also noted that education alone is insufficient without detection and response capabilities, especially where AI tools draw context from enterprise content stores. The discussion concluded with a clear call for shared habits: continuous learning, assumption checking, and cross-agency collaboration to reduce duplication and strengthen governance.

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

KEY THEMES AND INSIGHTS

SUSTAINABLE DELIVERY STARTS AFTER GO-LIVE, NOT AT GO-LIVE

A consistent insight was that many delivery failures are created at the moment of "completion". Participants described a familiar pattern: procure and implement a system, then "never touch it again". This produces technical debt and user frustration because real value comes from continuous improvement, backlog management, and deliberate sustainment funding. One agency described shifting the business case conversation to include ongoing operating costs and the "team shape" required to sustain and iterate over five years, not just deliver an initial release. The key point was practical: if sustainment is not budgeted and resourced upfront, the system becomes legacy immediately.

"BUY THE BUS" VERSUS "BUY A TICKET"

Participants described a persistent public sector dilemma: enterprise systems offer shared benefits, but funding is often held within separate business units, portfolios, or agencies. One jurisdiction described the challenge bluntly: "no one wants to buy the bus, they just want to buy a ticket". The result is fragmented technology estates, including multiple CRMs and duplicated capability. Some progress was reported through a central "mapping" approach, where requests for new systems are analysed across the organisation to identify overlapping needs, align business processes, and present a shared option to multiple stakeholders. While this has not fully solved co-investment, it has shifted mindsets over time and raised digital maturity through repeated exposure to enterprise thinking.

OPERATING MODEL EVOLUTION WITHOUT A FULL REORGANISATION

Participants recognised that large-scale machinery-of-government change is slow, disruptive, and often politically constrained. As a result, agencies are experimenting with delivery capacity inside existing hierarchies.

One model described a "virtual product team" structure, where staff remain in their line-managed capability groups (for example, testing, business analysis, change, platform support) but are directed day-to-day through a product-aligned leadership group. This matrix approach allows agencies to demonstrate outcomes and build credibility for broader replication without betting everything on a single organisational redesign.

PEOPLE, BELIEF SYSTEMS, AND "LORE" AS REAL CONSTRAINTS

The discussion repeatedly returned to culture and belief systems. Participants noted that resistance is not always about technology. It is often about identity, trust, and perceived loss of expertise, particularly where staff have worked in analogue processes for decades. Several agencies described attrition and retirement triggered by digitisation, creating knowledge loss at the moment it is most needed. Importantly, participants differentiated between law and organisational "lore", where policies are treated as immovable rules even when they have never been tested against current operational realities. A practical example was shared where historic legal advice was rediscovered and used to update an interpretation, showing that progress sometimes requires evidence gathering, not legislative overhaul.

AI READINESS AS A CONTROL ENVIRONMENT, NOT A TRAINING CAMPAIGN

While many agreed that education and communication are foundational, several participants stressed that AI readiness must be treated as a full control environment. Prevention controls include training, clear classification expectations, and safe tool guidance. Detection and response controls are equally critical, particularly where AI features can change rapidly or be enabled through platform updates. The group also highlighted that AI value is not simply "automation of tasks", but scale enablement. For data-intensive agencies, AI offers a credible pathway to make previously inaccessible information usable, but only if downstream operating models can absorb the increased volume of outputs.

CHALLENGES AND BARRIERS

FUNDING OFFSETS AND THE "TECH SPEND KEEPS RISING" PROBLEM

Participants described a widening gap between increased technology investment and unclear offsets. Legacy platforms may be depreciated and appear "cheap", even when risk is rising. New digital capabilities require sustainment, security uplift, and continuous improvement. Executives often struggle to have explicit workforce conversations about what changes when services digitise, which delays decisions and creates ad hoc cost cutting (for example, line-by-line licence validation, contract renegotiation, and emergency insourcing).

FRAGMENTED ACCOUNTABILITY AND INCENTIVES

In organisations with multiple CIOs or semi-autonomous business units, duplication is structurally reinforced. Shared system design and architecture work is hard to fund because no single stakeholder owns the enterprise benefit. This creates a bias towards short-term local optimisation, even when it increases whole-of-organisation cost and complexity.

AI RISK MANAGEMENT LAGGING BEHIND PLATFORM REALITY

Several examples highlighted that platform capability can evolve faster than risk controls, particularly with AI features integrated into productivity suites. Participants described challenges where enterprise AI tools can draw from content repositories and email, potentially processing sensitive information without the user intentionally submitting it. Even when agencies publish guidance, changing feature sets can cause "guidance fatigue" and undermine confidence. At the same time, restricting internal tools may increase shadow use of public AI services, shifting risk rather than reducing it.

FUTURE FOCUS AREAS

SUSTAINABLE PRODUCT FUNDING AND THE "AFTER GO-LIVE" OPERATING MODEL

Host a capability session on how to build business cases that include sustainment, continuous improvement, and service ownership. Practical artefacts could include sustainment cost models, product metrics, and templates for executive-level trade-offs (including what stops, what is automated, and how roles shift).

SHARED INVESTMENT MECHANISMS FOR ENTERPRISE SYSTEMS

Run a themed roundtable on cross-agency co-investment, focused on real techniques to "buy the bus". Topics could include pooled funding models, minimum viable standardisation, and governance approaches that make enterprise benefits visible and measurable.

3. AI CONTROL ENVIRONMENTS FOR THE EVERYDAY WORKFORCE

Convene a session specifically on operational AI use, not just pilots. Focus on prevention, detection, and response controls, including classification uplift, SharePoint and collaboration hygiene, and auditability. Include the realities of fast-changing vendor features and strategies to manage "policy churn" without paralysing staff.

4. ASSUMPTION CHECKING AND "LORE BUSTING"

Develop a practical method to distinguish legislation, policy, and inherited organisational lore. A future session could explore how agencies can safely test assumptions, seek targeted legal advice, and update interpretations while maintaining guardrails.

5. MEASURING VALUE ACROSS THE WHOLE SERVICE CHAIN

Explore methods to quantify whether AI and digitisation are improving end-to-end outcomes, not just making one step faster. Include the risk of creating downstream volume (e.g. more leads, more triage) and how to redesign processes to absorb it.

INNOVATIVE IDEAS AND CASE STUDIES

1. RAPID SELF-SERVICE DELIVERY WITH MEASURABLE CYCLE-TIME REDUCTION (REGULATORY CONTEXT)

One agency described a first release of a self-service capability that reduced a certification process from 70 days to 3 days, and in some cases 6 minutes. The innovation was not “fancy AI”. It was disciplined process redesign paired with a commitment to iterate over multiple years. The case study reinforces a broader trend: agencies can unlock major benefits by digitising high-friction workflows, provided they fund sustainment and invest in organisational digital literacy to redesign the process, not just automate the paper form.

2. MATRIXED “VIRTUAL PRODUCT TEAMS” INSIDE EXISTING HIERARCHIES

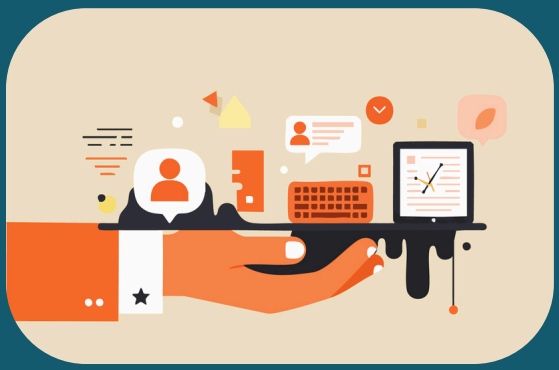
Rather than a full operating model overhaul, participants described assembling product teams by drawing staff from capability functions (testing, BA, change, development, platforms) into a virtual delivery unit. Line management remains stable, but day-to-day prioritisation sits with product leadership and business owners. This approach is aligned with modern product thinking while remaining feasible within public sector constraints, including classification, procurement, and role structures.

3. MANDATORY AI FUNDAMENTALS TRAINING AS A BASELINE CONTROL

One agency embedded “AI fundamentals in government” into mandatory annual learning, paired with agency-specific policies. This reflects a pragmatic shift towards education as a primary control for broad workforce use, while acknowledging that policies will change frequently. The key innovation is treating AI literacy like cyber hygiene: ongoing, expected, and reinforced.

4. AI AS AN ENABLER FOR NATIONAL-SCALE ACCESS AND DISCOVERY (HIGH-VOLUME RECORDS CONTEXT)

A data-intensive agency described investing roughly $60 million over five years to digitise analogue records, creating a scale problem that humans alone cannot process through transcription, description, and access preparation. AI is being evaluated as a tool to make previously inaccessible collections usable, with careful boundary-setting for sensitive material. This aligns with global trends in using AI to unlock value from large unstructured datasets, while highlighting a governance challenge: AI may increase the volume of outputs and decisions required, demanding new triage and operating models.



STRATEGIC OUTCOMES AND RECOMMENDATIONS

IMMEDIATE ACTIONS

- **Establish a "sustainment by default" rule for new digital services**: require every delivery proposal to include a sustainment model: ownership, backlog approach, support arrangements, and an explicit operating cost line.
- **Create a simple "assumption register" for major decisions**: track policy, legislative, security, and process assumptions, with an owner and a date for validation. This directly targets the risk of lore-driven blockers and blind spots.
- **Define an AI "safe use baseline" for everyday staff**: combine short, practical guidance with a clear escalation pathway (for example, a single mailbox or clinic) so staff can ask "is this safe?" before creating workarounds.
- **Audit collaboration content exposure in priority areas**: focus first on teams that handle sensitive information, high-risk casework, or critical infrastructure processes. The intent is not perfect classification overnight, but risk-based triage.

MEDIUM-TERM GOALS

- **Build an end-to-end control environment for AI use**: pair prevention controls (training, classification expectations, tool guidance) with detection and response procedures (logging, incident playbooks, and periodic access reviews).
- **Pilot a cross-business "buy the bus" mechanism**: start with one shared system category (for example, CRM, case management, infringement, or workflow) and test pooled discovery funding so architecture and design are not unfunded work.
- **Strengthen "with them, not to them" change practices**: ensure service owners and sustainment leads are embedded from day one in project governance, including document reviews and decision points. This reduces handover failure and preserves institutional knowledge.
- **Measure outcomes beyond internal efficiency**: adopt service-chain metrics such as cycle time, rework rates, customer effort, and downstream workload created by digitisation or AI outputs.

LONG-TERM VISION

- **Shift portfolio conversations from projects to enduring capabilities:** mature from one-off implementations towards product portfolios with clear stewardship, funding stability, and workforce planning.
- **Develop shared service patterns and reusable building blocks:** standardise components that do not need to be special (identity, logging, integration patterns, data quality practices), while allowing agencies to preserve genuine legislative or mission-specific differences.
- **Embed sustainability considerations into digital investment decisions:** where feasible, include environmental impact as a decision factor alongside financial, workforce, and risk dimensions, and revisit assumptions as vendor efficiency improves.
- **Create a cross-agency learning loop:** formalise a habit of sharing what changed, what broke, and what worked, including vendor accountability expectations, so agencies move faster together without repeating avoidable mistakes.

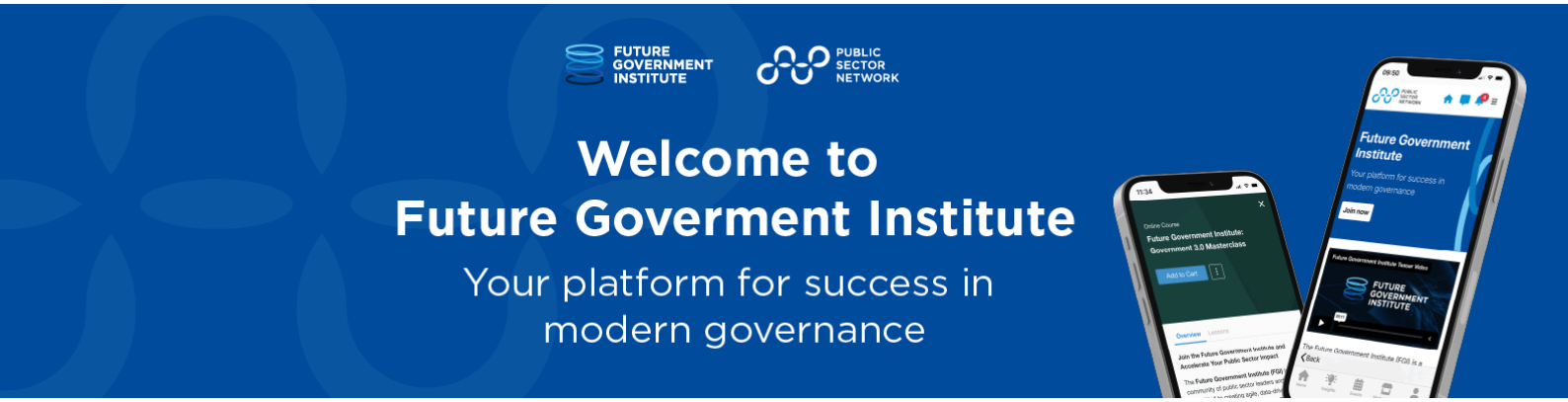
ABOUT THE FUTURE GOVERNMENT INSTITUTE (FGI) RESEARCH COUNCIL

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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