



GOVERNMENT 3.0 IS AN ORGANISATIONAL PROBLEM, NOT A TECHNOLOGY ONE

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IN BRIEF

The Research Council convened a senior roundtable to examine how public sector organisations can move beyond artificial intelligence (AI) pilots and proofs of concept towards sustained, enterprise-level capability. While many agencies have progressed from experimentation to early deployment, participants agreed that long-term value depends less on individual tools and more on structural change across governance, workforce design, operating models, and performance management.

A central insight was that AI maturity remains uneven, even within the same organisation. Some teams are achieving measurable productivity gains, often cited at 30–40 per cent at the task level, while others remain constrained by risk aversion, unclear governance, or limited AI literacy. Participants highlighted that AI's greatest near-term value lies not in high-profile use cases, but in automating low-impact, high-volume administrative work, freeing skilled staff to focus on complex judgement, policy design, and service improvement.

The discussion underscored that scaling AI requires deliberate organisational redesign. This includes clearer role delineation between humans and machines, stronger quality assurance and testing functions, new workforce expectations around AI literacy, and governance frameworks that enable safe experimentation without creating bottlenecks. Importantly, participants warned that poorly designed KPIs and speed-driven incentives risk degrading decision quality and public trust.

The roundtable concluded that AI capability must be treated as core public sector infrastructure. Success will depend on cross-agency learning, shared capability development, and leadership willingness to align AI strategy directly with business and policy priorities.

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KEY THEMES AND INSIGHTS

FROM TOOLS TO SYSTEMS: AI AS AN OPERATING MODEL SHIFT

Participants consistently noted that the conversation has shifted from “what can AI do?” to “how does AI change how we work?”. Early experimentation has proven value, but embedding AI at scale requires rethinking operating models, not just deploying new tools. Several agencies described success by focusing first on unglamorous but high-impact processes, such as onboarding, document preparation, internal memos, and knowledge search. These use cases demonstrated quick wins while building organisational confidence.

Critically, AI was framed as a capacity multiplier rather than a cost-cutting mechanism. One participant described a deliberate strategy to use AI to absorb demand growth that agencies were previously unable to meet, rather than reducing headcount. This reframing helped shift internal narratives from job displacement to workload sustainability.

AI LITERACY AS A WORKFORCE BASELINE

A strong theme was the emergence of AI literacy as a baseline capability, similar to proficiency with office productivity tools. Agencies that reported high adoption rates had invested heavily in structured training, ranging from general awareness to role-specific instruction for researchers, operational staff, and executives. One organisation reported near-universal uptake of generative AI tools following mandatory governance training and staged capability development.

High-performing staff were often early adopters, independently identifying processes to automate or augment. Participants observed that over time, AI capability is likely to become embedded within most roles rather than existing as a standalone function, although specialist roles in governance, testing, and assurance will remain essential.

THE HUMAN-MACHINE BOUNDARY IS A DESIGN CHOICE

Rather than viewing AI as replacing human judgement, participants emphasised the need to explicitly design the boundary between automated tasks and human decision-making. A commonly referenced internal framework segmented work into routine, complex, and judgement-intensive activities, enabling clearer decisions about where AI could safely operate.

However, several contributors cautioned that efficiency gains can expose previously unmet demand. Faster processing of requests, submissions, or correspondence often led to increased volume, shifting pressure elsewhere in the system. Without structural change, AI risks accelerating bottlenecks rather than resolving them.

GOVERNANCE MUST ENABLE, NOT PARALYSE

Governance emerged as both an enabler and a constraint. Agencies further along the maturity curve had established responsible AI policies, transparency statements, and usage conditions early, allowing them to scale with confidence. Others described environments where risk aversion led to shadow use of AI tools, increasing rather than reducing organisational risk.

Participants agreed that governance must evolve alongside capability. Static approval models designed for traditional IT projects are ill-suited to adaptive, learning-based systems such as generative AI.

CHALLENGES AND BARRIERS

CULTURAL RESISTANCE AND FEAR OF DISPLACEMENT

Despite widespread experimentation, fear remains a significant barrier. Participants described open resistance from some staff, particularly where AI adoption was perceived as a threat to professional identity or job security. This was exacerbated where leaders could not clearly articulate how roles would evolve over time.

INADEQUATE QUALITY ASSURANCE AND TESTING MODELS

Several agencies acknowledged that existing software testing approaches are insufficient for AI systems. The probabilistic nature of large language models introduces risks related to bias, hallucinations, and inconsistent outputs. Participants noted the emerging need for dedicated AI testing and assurance functions, including ethical review, ongoing monitoring, and performance validation.

MISALIGNED KPIS AND INCENTIVES

A recurring concern was the risk of incentivising speed over quality. If performance metrics focus solely on throughput, agencies may produce large volumes of content that is poorly understood, insufficiently checked, or misaligned with policy intent. Over time, this can erode institutional knowledge and public trust.

FRAGMENTED LEARNING ACROSS THE SECTOR

While many agencies are solving similar problems, there is limited structured sharing of lessons learned. Participants noted that valuable insights into change management, workforce transition, and operating model redesign are often lost because they sit outside formal project documentation.

FUTURE FOCUS AREAS

AI-READY OPERATING MODELS

Future Research Council activity could focus on practical operating model design for AI-enabled organisations. This includes role redesign, human-in-the-loop frameworks, escalation models, and decision accountability in hybrid human-machine systems.

WORKFORCE TRANSITION AND CAPABILITY UPLIFT

There is strong demand for shared approaches to AI literacy, role-based training, and career pathways in an AI-enabled public sector. This includes redefining professional standards where AI use becomes an expected part of performance.

QUALITY ASSURANCE, ETHICS, AND TRUST

Participants identified a gap in applied guidance for testing, assurance, and ethical oversight of AI systems in production. Future roundtables could explore practical models for continuous testing, bias detection, and risk management.

CROSS-SECTOR KNOWLEDGE EXCHANGE

There is appetite for neutral forums where agencies can share non-competitive use cases, governance approaches, and lessons learned. Universities were identified as potential partners in capability development, experimentation, and skills transfer.

INNOVATIVE IDEAS AND CASE STUDIES

1. ENTERPRISE AI ADOPTION THROUGH MANDATORY GOVERNANCE

One federal agency described achieving near-universal adoption of generative AI tools by sequencing governance first, followed by compulsory training and staged access. Rather than restricting use, this approach normalised responsible experimentation and significantly reduced shadow usage.

2. AI FOR ADMINISTRATIVE LOAD REDUCTION

Several participants described using AI to automate high-volume administrative tasks, such as onboarding, document drafting, and internal approvals. While these initiatives were not highly visible externally, they delivered measurable time savings and improved staff satisfaction.

3. AI AS A DEMAND MANAGEMENT TOOL

In regulatory and service delivery contexts, AI-enabled summarisation and drafting tools were noted to dramatically reduce response times. However, agencies also observed that improved responsiveness increased demand, highlighting the need for system-wide capacity planning.

4. CRISIS-DRIVEN AI DEPLOYMENT

A state-level example from a pandemic response demonstrated how AI and advanced analytics were rapidly deployed to process unprecedented volumes of individual grant applications. The success of this initiative was attributed to clear political mandate, cross-functional teams, and a willingness to accept managed risk.



STRATEGIC OUTCOMES AND RECOMMENDATIONS

IMMEDIATE ACTIONS

- Establish clear, organisation-wide AI governance frameworks that prioritise enablement over restriction
- Identify and automate low-risk, high-volume administrative processes to deliver early value
- Invest in foundational AI literacy training for all staff, with role-specific pathways

MEDIUM-TERM GOALS

- Redesign operating models to explicitly define human and AI responsibilities
- Introduce dedicated AI quality assurance and testing capabilities
- Align performance metrics to balance efficiency with decision quality and trust

LONG-TERM VISION

- Treat AI capability as core public sector infrastructure, embedded across roles and functions
- Develop cross-agency knowledge-sharing mechanisms to reduce duplication and accelerate learning
- Build a workforce that is confident, critical, and adaptive in working alongside AI



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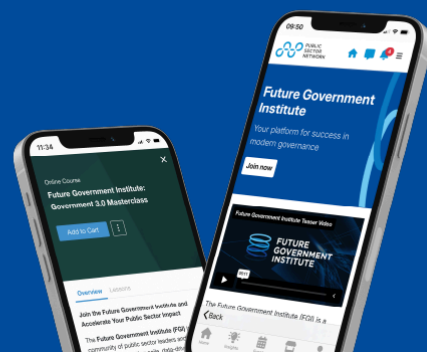
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