PUBLIC SECTOR INNOVATION for TASMANIA

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Setting the Scene – Four areas of public sector innovation theory and practice

1. Public sector investment to stimulate/support innovation in the private sector
2. Innovation within public sector functions
3. Public sector innovation
4. Governance of innovation systems

This presentation is mainly about 3 and the intersections with 1, 2 and 4
‘Old’ Theories of Innovation = “commercialisation of new inventions”

- Mainly about economy
- Usually at sector or firm level
- Picking winners, usually hi tech
- Linear view
- Searching for heroes
- Focus on R&D
- Commercialisation of science
- Squeezing productivity gains
- Government grants to industry
New Approaches
= “ideas that work”

- Focus on public, social and environmental value not only economic
- Innovation is broadly distributed across industries and sectors
- Within industries and sectors innovation is concentrated
- Distributed leadership and networks critical – knowledge is co-produced
- Most innovation begins on the shop floor not the Board Room
- Innovation often occurs at the intersections between industries and sectors (public/private/community)
- Innovation platforms critical
Stages as an ‘Ideal Type’

- ‘new’ Idea
- venture capital
- invention
- trial/pilot/prototype
- financing
- commercialisation/implementation
- diffusion/take up
- embedding, value creation, learning…..new ideas
Public service models

- Up to the 1970’s….compliance, hierarchical and centralised
- 1970’ first crisis of legitimacy-first performance wave
- 1980’s-1990’s – introduction of market ideas and practices…privatisation, commercialisation, corporatisation and focus on performance management
- Current decade – new crisis of legitimacy
  - Fiscal constraints
  - Citizen knowledge and expectations rising
  - Complex policy challenges

*Question is what form will the next wave take?*
Governments are struggling to come to terms with this… locked as they are into functional and sectoral ways of thinking and operating
Governments continue to act as if...

- Government operates in a predictable environment
- Governments are in control and possess the levers to effect change
- Incremental change will be sufficient to ensure ongoing relevance of government
- Ex post quantification is sufficient to encourage innovation
- Sovereign boundaries matter
But the evidence is....

• Complexity, interconnectedness and unpredictability are now the order of the day for governments....for which functional fordist models are most unsuited....

• Exogenous rather than endogenous factors are the key drivers (eg global markets; demographic change; climate change)
Exacerbated by…

- Fiscal constraints
- Rising citizen expectations
- The rise and rise of cross cutting issues as core matters of importance to future prosperity and wellbeing
Tasmanian examples of cross cutting issues

• Cost of living
• Future of forestry communities (industry transition)
• Liveability and demographic change
• Planning reform
• Food security
• Global competition for talent
Tasmania

- Sub peripheral regional economy facing considerable structural transformation (forestry already in train)
- Considerable assets and potential constructed advantages
- Demographic and skills challenges
- Limited institutional innovation capacity
Tas risks and opportunities

• Multiple sites of innovation learning capacity (11) but not to scale or scope
• No central location/connector within the public sector unlike many jurisdictions and with limited cross fertilisation
• Multiple potential platforms to build on (eg NBN; Service Tas; GIS systems (13)
• Places and boundaries readily defined and issues immediate (eg future of our 5 main forestry areas)
Conditions for public sector innovation…

- Mainly combinations or hybrids rather than being wholly new in themselves
- Ideation and putting into practice involves cutting across sectoral and disciplinary boundaries
- Fostering a culture of innovation is getting harder rather than easier.
- Institutional design of the public sector is itself a major barrier
Best thinking looks like

- Radical efficiency (looks mainly at service delivery and how to attract/retain skills)
- Regional development (mainly about subsidiarity and constructing advantage through platforms)
- Governance of innovation systems (eg non-linear centralised knowledge systems)
- Land use and planning reforms
- Futures of cities
- Big Society ideas (eg localisation)
Figure 2. Radical efficiency

New perspectives on challenges

New knowledge generators
- Other sectors as knowledge generators
- Users as knowledge generators

New knowledge
- Uncovering old ideas in new places
- Mining data
- Collecting new data

Non-consumers
- New consumer units
- Community as consumer
- New user segmentation

New insights

New customers

New suppliers
- Users as co-producers
- New entrants
- Mini-tribes

New resources
- Reduce
- Reuse
- Recycle
- Sweat assets
- Digital technology

New perspectives on solutions
Example of Radical efficiency

- UK volunteering currently at 28%
- Cameron target of 48%

To take on traditional public sector roles including aspects of localised policing, education, tourism, health....

Using a mix of carrots and sticks....
Rush to place

- Every Department now is now playing with place models…eg. Community Action Zones (health) Local Area Teams (education) Regional Economic Plans (DED)
- Commonwealth also at the table…eg Regional Development Australia…Local Health Networks…
- Assumptions that..
  - Local knowledge matters
  - Subsidiarity is self evident
  - Place boundaries are non-problematic
  - Place is a ‘factor’ of innovation (eg micro agglomeration benefits)
  - Co-ordination and interdependence and complexity are all better managed locally etc…
But… Key is to connect the threads…

- Area based data (know your clients) (eg UK Communities Act)
- Which industries will drive future growth and prosperity? (Innovation Strategy)
- Alignment of assets and liabilities
- Platform approach to role of government(s) especially planning reform…and NBN
- Settlement and liveability (human and social capital)
So

- Lots of activity underway in Tas around public service innovation but…
- Networks not well connected (leading to dissipation of energy, duplication, multiple narratives and loss of knowledge capture/learning capacity)
- Core ideas not embedded
- Needs ‘node’ to extract the value
- Culture of risk aversion endemic
- Local government reform on the fringes
Back to the Beginning...

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Innovation Platforms

• Idea of constructed advantage – enabling conditions for innovations to ‘bubble up’ best explains regional differences in economic performance

• Innovation has a regional postcode – performance of place assets

• 4 platforms - economic; governance; knowledge; community
Economic Platform

- Regionalisation of economic development
- Eg finance; ICT; transport; marketing; exporting; value chain
- Open systems of inter firm interactions and clusters
- Relational capabilities
Governance Platform

• Common planning and regulatory environment
• Global positioning of local assets
• Agency of local government
• Valorisation of public amenities
• Critical role of intermediate institutions
Knowledge Platform

- Structural puzzle solving capacity – construction and dissemination of knowledge as a public amenity
- Universities, technical colleges; public sector and community research; consultancy firms etc
Community Platform

- Density of networks
- Community strength
- Liveability and ‘managing’ demographics
- Strength of weak ties
- Creative destruction of social capital
- Role of social innovation
- Critical role of local, tacit knowledge