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The future role of government
Society is evolving. So must
the way it is governed

Introduction

The modern era is one of transformation. The word *unprecedented*, used repeatedly for example, to describe the repercussions of the COVID-19 pandemic, is losing its impact. Advances in emerging technologies—AI-generated voiceovers and large-language models like ChatGPT, as two current examples—presented both challenges and opportunities. Persistent and stubborn inflation, affordability challenges, strained supply chains, geopolitical impacts, and social fractures impacted many nations in 2023, while a decline in social and institutional trust has been seen around the globe.

By 2035, it's estimated that the world's population will grow beyond nine billion. High-speed trains will be able to travel as fast as airplanes. Artificial blood will be mass-produced for life-saving transfusions. The global number of internet-connected devices will reach 171 trillion.

Meanwhile, mass misinformation, coordinated disinformation, and echo-chamber confirmation bias continue to increase, creating ever-more disparate pools of information where there once was a common basis of factual data. Political polarization and nationalist populism have grown, shifting and realigning existing political affiliations—leading to the amplification of values-based divisions in the process. In short, while technological advancements have the power to improve quality of life, they may also further polarize society.

The world has changed profoundly in recent years, and such changes have and will continue to introduce major shifts in how we live, work, play, and... govern.

Planning the next move

In recent months, Deloitte has engaged industry leaders in a discussion on the technological and social trends shaping society, the economy, and the role of government in meeting citizens' needs. Together, we sought to identify the opportunities and challenges that may confront policymakers in the coming years and to develop forward-looking recommendations to help governments prepare.

The consensus: we need to change the way we do things. We need to rethink how we interact with our institutions and with each other. And we need to reconsider the role of government in our modern and ever-changing society. What is the government we need?

As *The 7 Habits of Highly Effective People* author Stephen Covey put it, "Change happens at the speed of trust." It's a concept that works equally well for public sector leaders as for business executives and perhaps even individual citizens, as we all prepare for what the future has in store.

This report outlines our thinking and deliberations about how government— from federal to provincial and territorial, and from municipal to Indigenous (First Nations, Métis, and Inuit)— can continue to evolve its role.

The traditional role of government

Throughout history and in different parts of the world, the role of government has differed. In democracies like Canada's, for example, we tend to think of ancient Athens as our ideological ancestor.

The Athenian model was a direct democracy, in which citizens could vote on important issues. However, the definition of citizen was narrow: men who had completed military training. That's a far cry from the universal adult suffrage that most liberal democracies now take for granted.

In 17th century Japan, following a rebellion by Japanese Christians, the ruling Tokugawa Shogunate implemented a policy of seclusion called the Sakoku Edict that closed the entire country off to foreign trade. The Shogunate strictly regulated its subjects' economic and personal lives to further isolate the country from foreign influence. On the other side of the world, in the United Kingdom, the technological innovations of the Industrial Revolution transformed the rhythms of everyday life, bringing labourers into cities to work in entirely new industries.

This caused a rapid and radical shift in the government's role. It assumed a new responsibility—as a regulator—to protect workers' rights, such as through child labour and minimum wage laws.

Today, government intervention in citizens' lives continues to vary by nation and region. In countries that follow the Nordic model—Sweden, Norway, Denmark, Iceland, and Finland—the state provides a comprehensive social safety net that includes universal health care, education, and social security. In Singapore, the focus is on promoting economic development and modernization to benefit its citizens, through attracting foreign investment and developing infrastructure.

The level of intervention varies depending on a government's approach to power as well. Like other liberal democracies, Canada seeks to fundamentally constrain its governmental power through the law.

Changing with the times: a Canadian example

Canadians have a relatively clear understanding of the role of our government, which operates according to liberal-democratic principles; in the classical sense, a government that interferes minimally in the day-to-day lives of its citizens. Civil liberties are enumerated and protected by law, and the government's ability to act may be constrained by a constitution.

In practice, of course, government does act—frequently and to varying degrees. As an example, Canada protects both negative and positive rights. Negative rights prohibit restrictions on action, such as the right to free speech—the law may not prevent anyone from speaking their mind. Positive rights are also affirmed by the government, such as the right to universal health care coverage for all citizens, permanent residents, and Indigenous Peoples.

It hasn't always been this way. Publicly funded health care was introduced by just one province, Saskatchewan, in 1947, and the remaining regions adopted a model of universal health coverage over time. This guarantee has since become a major facet of Canadian identity. The model continues to evolve, as health care delivery has expanded to include Indigenous-governed institutions, such as the First Nations Health Authority in British Columbia.

This demonstrates that in a country like Canada, the role of the state can change in a single generation.

The spectrum of government action

Despite the differences between regions, all government action can be encompassed in three main categories.

Economic
Tax, funding, incentives, and trade

Government aims to create an environment in which citizens, businesses, and the economy and thrive and grow. It does this in many ways, including setting tax rates, promoting business and economic development, and setting fiscal and monetary policy. In Canada, the government promotes business and economic development through programs and agencies like the Business Development Bank of Canada (BDC) and Department of Innovation, Science and Economic Development Canada (ISED).

Social and environmental
Social security, health, public value, and environmental protection

Critical public services are delivered differently across nations. Government acts to ensure its citizens have access to services such as public health care, employment insurance, and public education. In the 1930s, the United States' New Deal sought to relieve the widespread hardship caused by the Great Depression by, among other things, creating massive public works programs to hire a great number of people. It marked an advance in the creation of a social safety net.
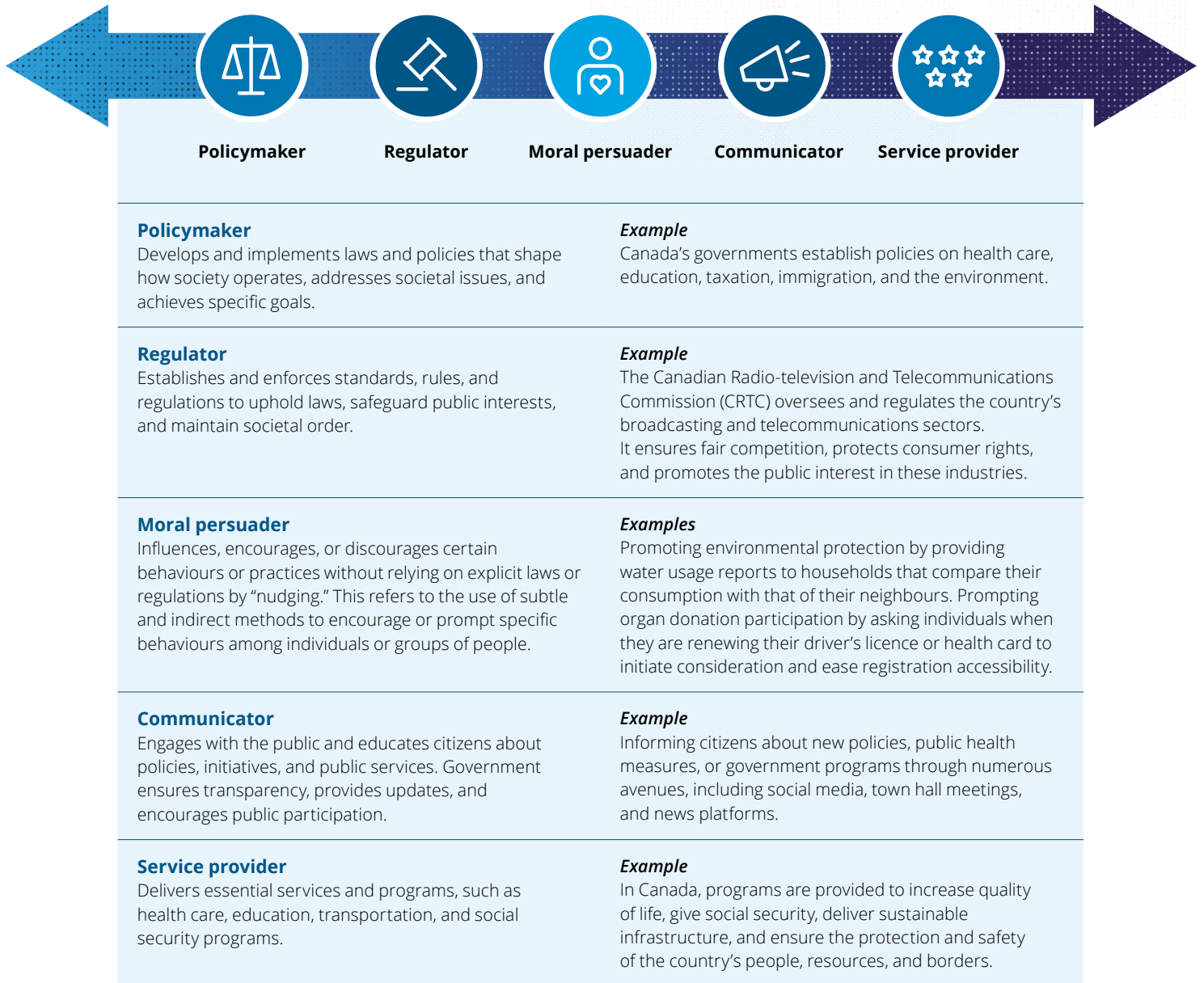
Security
Security, protection, and foreign relations

A government seeks to protect the physical security of its citizens through law enforcement, to advance the nation's interests through diplomacy, and, if necessary, to safeguard its borders, people, and allies through military action. The government leverages hard or soft power to protect its national sovereignty; within its own nation, it has a monopoly on physical force. Other countries and international organizations seeking to promote peace and security, encourage diplomacy, or condemn human rights abuses within a sovereign nation can attempt to do so by imposing economic sanctions.

Across the three categories of action, government can employ a variety of means through five key roles.

| Policymaker | Regulator | Moral persuader | Communicator | Service provider |

Policymaker
Develops and implements laws and policies that shape how society operates, addresses societal issues, and achieves specific goals.

Example
Canada's governments establish policies on health care, education, taxation, immigration, and the environment.

Regulator
Establishes and enforces standards, rules, and regulations to uphold laws, safeguard public interests, and maintain societal order.

Example
The Canadian Radio-television and Telecommunications Commission (CRTC) oversees and regulates the country's broadcasting and telecommunications sectors.
It ensures fair competition, protects consumer rights, and promotes the public interest in these industries.

Moral persuader
Influences, encourages, or discourages certain behaviours or practices without relying on explicit laws or regulations by "nudging." This refers to the use of subtle and indirect methods to encourage or prompt specific behaviours among individuals or groups of people.

Examples
Promoting environmental protection by providing water usage reports to households that compare their consumption with that of their neighbours. Prompting organ donation participation by asking individuals when they are renewing their driver's licence or health card to initiate consideration and ease registration accessibility.

Communicator
Engages with the public and educates citizens about policies, initiatives, and public services. Government ensures transparency, provides updates, and encourages public participation.

Example
Informing citizens about new policies, public health measures, or government programs through numerous avenues, including social media, town hall meetings, and news platforms.

Service provider
Delivers essential services and programs, such as health care, education, transportation, and social security programs.

Example
In Canada, programs are provided to increase quality of life, give social security, deliver sustainable infrastructure, and ensure the protection and safety of the country's people, resources, and borders.

The spectrum applies regardless of time—past, present, or future—because society shifts in response to technological, economic, and social forces. This model is a useful tool to examine how governments may evolve—and how that evolution may be shaped into a desired state.

Trends that will provoke government transformation

We've identified a series of trends that will impact Canada over the next five to 15 years, reshaping our society and the way we interact with each other. They will also demand— or provoke—government response.

Whether it's depleting natural resources, decreasing citizen engagement and trust in institutions, widening gaps in skills, or increasing demands on supply chains, these long-term trends will not only transform Canada's economy and society but also require us to think differently about the function and methods of government.

The trends for Canadians include:

1   **Digital equity and literacy**
How might we embrace an equitable digital future, where all people and communities can fully benefit from new digital technologies?

2   **Reskilling and "right-sourcing" talent**
How might we build a job market that is resilient, equitable, and accessible for all jobseekers, while effectively matching supply with demand?

3   **International relations**
How might we ensure Canada positions itself to have more international influence and continue to stand up for democratic values on the global stage as a representative of all Canadians?

4   **Natural resources security**
How might we shape a Canada where natural resources are managed, secured, and developed responsibly and sustainably, while bolstering the country's global competitiveness and respecting Indigenous rights?

5

Supply chain, trade, and manufacturing
How might we build strong domestic and international supply chains in a divided world, establish and maintain "friend-shoring" economic relationships, and ensure these supply chains remain resilient in times of geopolitical conflict?

6

The future form of government
How might we build a system where all levels of government, including Indigenous governments, collaborate effectively? How might we renew the system for legislatures so they are able to exercise genuine oversight?

7

Health and social equity
How might we transform the health care system to be equitable and promote holistic well-being for all?

8

The future of innovation
How might we encourage innovation across the country, allowing every sector to bring forward and implement creative solutions to emerging challenges?

9

Citizen engagement
How might we build a diverse and engaged democracy that is united by the sentiments of solidarity, common purpose, and trust?

10

Indigenous sovereignty
How might we build a post-colonial future wherein First Nations, Métis, and Inuit Peoples have a balanced relationship with the Crown and can exercise their rights and powers to achieve economic and societal prosperity?

11

Fiscal sustainability
How might we build an economy that is financially resilient, socially vibrant, and fiscally healthy?

In our upcoming series, we'll explore how government might consider preparing for these trends to help future-ready its institutions and ensure resilience in all orders of government. In it, we'll examine four levers that can be used to shape government's response:

People

Government provides services through technology, processes, and people, whether they're public servants, elected officials, or ecosystem partners. To modernize its workforce, can the government transform the roles and responsibilities of its existing talent? Can it re-examine how departments, ministries, and other government entities interact with citizens and organizations?

Technology

The rapid advances of technology— from machine learning to biotechnology to connected devices—have profoundly impacted society. They're changing how government does things, too. How can the adoption of, or investment in, technology help prepare the government and society for the future?

Policy and process

How can government create new policies, regulations, and standards to respond to the trends identified? What incentives can it create to influence the decisions made by both organizations and individuals? Are there new programs or services it should develop?

Collaboration

Government has a powerful ability to collaborate to deliver programs and services in a crisis. How can different levels of government collaborate more effectively, with each other, ecosystem partners, the private sector, and civil society— either formally, through public-private partnerships, or informally, through communications and moral suasion— to help players from various sectors work together to achieve better outcomes?

Conclusion

Although we continue to recover from the global catastrophe that was the COVID-19 pandemic, an important public sector shift emerged: a willingness to abandon long-held assumptions and consider alternative possibilities. It's an opportunity to reflect and to examine innovative ways for government to evolve its approaches and collaborate across sectors and ecosystems to tackle complex societal challenges.

Traditional ways of doing things are being disrupted.
Perceptions and attitudes are shifting. We need to be ready.
Let's start by supporting the evolution of the role of government.

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