

Canada - United States  
Inter-Parliamentary Group  
Canadian Section



Groupe interparlementaire  
Canada - États-Unis  
Section canadienne

**Report of the Canadian Parliamentary Delegation  
to the National Governors Association Winter Meeting:  
Strengthening our Infrastructure  
for a Sustainable Future**

**Canada-United States Inter-Parliamentary Group**

**Washington, D.C., United States of America  
February 21 - 23, 2009**

# Report

From 21-23 February 2009, Senator Jerry Grafstein, Co-Chair, and Mr. Dean Del Mastro, Acting Co-Chair, led a delegation of the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG) to the winter meeting of the National Governors Association (NGA) in Washington, D.C. The delegation included Senator Janis Johnson, Vice-Chair, as well as Mr. Guy André, M.P., Vice-Chair, the Honourable Scott Brison, P.C., M.P., Mr. Mark Holland, M.P., Mr. Brian Masse, M.P., Vice-Chair and Mr. Brad Trost, M.P., Vice-Chair. The theme for the NGA's activities this year – including the February winter and July summer meetings – is "Strengthening our Infrastructure for a Sustainable Future," which was selected by Governor Ed Rendell of Pennsylvania, the NGA Chair for this year.

Founded 100 years ago when President Theodore Roosevelt gathered state governors in order to discuss the nation's resources, the NGA is the collective voice of US governors from the 50 states, three territories and two commonwealths. It is also a public policy organization that represents the governors on Capitol Hill and before the US Administration on federal issues that affect them, and that develops and implements solutions to public policy challenges.

The NGA is supervised by a chair, vice-chair and nine-person executive committee, and governors participate on four standing committees – Economic Development and Commerce; Education, Early Childhood and Workforce; Health and Human Services; and Natural Resources – as well as on special *ad hoc*, bipartisan task forces.

At this meeting, each of the four standing committees held a session, and there were a number of plenary sessions. In particular, the meeting included the following sessions:

- Opening Plenary Session: Infrastructure Matters and Energy Infrastructure for the 21<sup>st</sup> Century
- Miller Center Discussion and Debate about Infrastructure
- Economic Development and Commerce Committee: Update on Foreclosure Issues
- Education, Early Childhood and Workforce Committee: Transforming the Workforce System – Upskilling American Workers
- Health and Human Services Committee: Health Care Reform
- Natural Resources Committee: Energy Infrastructure – Vital for a 21<sup>st</sup> Century Economy
- Special Session: Innovative Infrastructure Financing, Accountability and Sustainability
- Closing Plenary Session: International Infrastructure Best Practices: Ideas for Governors.

Members of the IPG have been attending the winter and summer meetings of the NGA for several years. At this winter meeting, Canadian delegates were able to continue their dialogue with governors on issues of Canadian and/or joint interest, including the Buy American provisions in the US stimulus package, enhanced driver's licences, border crossings, bilateral energy trade and trade in softwood lumber. In particular, discussions were held with the 33 governors listed in Appendix A.

Their interactions with governors enable Canadian members of the IPG to better achieve the aim of finding points of convergence in respective national policies, initiate dialogue on points of divergence, encourage exchanges of information and promote better understanding on shared issues of concern. Moreover, the NGA meetings provide the IPG with an important means to provide input to, and gather information about, state-level issues that affect Canada. It is anticipated that the IPG's attendance at the winter and summer meetings will continue.

This report summarizes the main points that were made in the plenary and selected standing committee sessions.

### **Opening Plenary Session: Infrastructure Matters**

#### ***Dr. Frank Luntz, The Word Doctors***

- regardless of age, gender, region, political affiliation, etc., the American people desperately want infrastructure to "work"
- the public sees infrastructure as a right, rather than as privilege
- accountability is important, and the American people would rather it be done "right" than done "fast"
- the broader the definition of infrastructure, the greater the support for it
- energy infrastructure is felt to be relatively more important than roads and highways
- "process" matters to the American people and, for them, how you fix infrastructure is as important as what you fix
- Americans will pay more for better infrastructure, as evidenced by a survey results indicating that 81% of surveyed respondents would support a 1 percentage point tax increase for infrastructure
- for Americans, the highest priorities are accountability and transparency, and they want funds to be spent wisely, and projects to be completed on time and on budget
- the public wants change

### **Opening Plenary Session: Energy Infrastructure for the 21<sup>st</sup> Century**

#### ***T. Boone Pickens, BP Capital Management***

- Americans do a lot, but they get little credit for what they do

- the Pickens Plan was launched in July 2008
- almost 70% of the oil used in the US is imported, and the US needs to reduce its dependence on foreign oil
- with 4% of global population, the US uses 25% of the oil produced worldwide each day
- the US is a disproportionate user of the global oil supply, and the fact that the US is highly industrialized does not matter to some people
- with a focus on renewable energy, including wind and solar, the US could become energy independent
- if the US taxed gasoline in the same manner as the European Union, many more Americans would be driving smaller cars
- natural gas is clean, inexpensive, abundant and American, and natural gas for heavy-duty transportation must be the goal
- at this time, energy is a relatively more important issue than is the financial crisis

***John W. Rowe, Exelon Corporation***

- renewable portfolio standards, a cap-and-trade system, etc. are under consideration
- natural gas should be used to make electricity
- the price of an avoided tonne of carbon is \$10, while the price of wind power is \$70
- while a cap-and-trade system may be the best option for trying to price carbon, a carbon tax is a good option too
- energy problems cannot be addressed on a piecemeal basis
- climate change and energy issues must be addressed
- the US stimulus package gives states special opportunities to make smart energy choices
- smart meters, which give consumers more control, should be promoted
- more and better transmission are needed
- a diverse energy supply is needed, including coal and nuclear energy, with a continued focus on energy that is as clean as it can be
- ideally, conservation is the best thing that we could be doing

## **Miller Center Discussion and Debate about Infrastructure**

### ***Governor Ed Rendell, Governor of Pennsylvania***

- while the US stimulus package is a good first step, it is barely 5% of the \$2.2 trillion that is needed to meet the nation's infrastructure needs
- the US stimulus package was not focused on the concept of a long-term infrastructure plan
- a 5-10 year infrastructure plan is needed, and such an initiative would produce jobs, economic growth, higher levels of safety, a greater quality of life and enhanced competitiveness
- when spending infrastructure funds, accountability and transparency must be key priorities
- since funding requirements are significant, there is a need for creativity in how money is spent and infrastructure is built
- the selection process, or what gets done and at what cost, should be taken out of the hands of politicians
- since the US stimulus package's timelines are tight and funding is "use it or lose it," a state may not be able to build a new highway but it can repair an existing highway
- demonstration projects are not needed when countries around the world are already doing it
- the next big investment in infrastructure is likely to occur next year with re-authorization of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), and if the status quo prevails with the re-authorization, "we are cooked"
- according to survey results, 81% of Americans would pay 1 percentage point more in taxes in support of investments in infrastructure

### ***Governor Arnold Schwarzenegger, Governor of California***

- infrastructure is not a political issue
- in order to ensure that Americans are enthusiastic about infrastructure, the issue needs to be marketed properly, including through making the issue relevant to people's daily lives
- worldwide, many countries are developing high-speed rail
- land use and smart growth must be considered
- the US stimulus package is not perfect, but it is good

- infrastructure repair and construction create jobs
- a national "master plan" with the correct funding mechanisms is needed
- all infrastructure investments create jobs
- one measure of "economic power" is the speed with which goods and people are moved around the state
- a portion of the budget should be set aside for infrastructure
- since everything cannot be done with public funds, private-public partnerships should be considered
- people in America should demand that their nation be rebuilt

***Douglas I. Foy, DIF Enterprises***

- ultimately, many of the most important infrastructure decisions are made by governors
- the US stimulus package provides perhaps a once-in-a-lifetime opportunity to make the right decisions
- a national infrastructure agenda or strategy is needed
- every infrastructure dollar must be spent carefully
- as a first priority, repair of existing infrastructure should be considered
- all transportation modes should be treated equally
- silos among infrastructure-related agencies must be dismantled
- transparency regarding how infrastructure projects are selected and how infrastructure funds are spent must exist
- infrastructure should be repaired where people and communities already exist
- the urban sprawl that harms the environment can be avoided if an economy is grown around an infrastructure framework that already exists
- the US stimulus package has allocated significant funds for transit
- the funds in the US stimulus package are basically transportation-mode-neutral
- 80% of all trips taken in the US are for errands rather than for work
- smart-growth strategies are needed at the state and local levels

- a "fix it first" strategy will lead to timely job creation, since no time is wasted getting permits, etc.
- the US has fallen behind other countries, and while much of what is needed has been built, it has fallen into disrepair
- legislation and a "czar," or something like it, are need to ensure coordination across departments and agencies and at both the state and federal levels
- a state cannot have a housing agenda without also having a transportation agenda

***JayEtta Hecker, The Bipartisan Policy Center***

- the focus is not "improving the national transportation policy," but rather "getting a national transportation policy"
- the ways in which funds are raised and distributed involve moral hazard issues
- the infrastructure financing system is broken, with the result that the wrong signals are being sent to users and owners
- clear, national infrastructure goals are needed, and federal funds disbursed to the states should have performance results attached to them
- a new federal-state compact for infrastructure is needed
- decisions about infrastructure should be depoliticized
- at the present time, users are paying only part of the cost of infrastructure
- the national interests in respect of transportation need to be articulated
- strategic investments are required
- it is possible to build political trust provided there are performance goals
- while some believe that the target is job creation, jobs are the worst possible proxy of the kinds of strategic, performance-based investments that are needed
- legislation is needed in order to institutionalize infrastructure as a national priority
- although much can be learned from other countries, it is important to recognize that they have made the tough choices that are appropriate for them
- a more accurate user-pay model that considers environmental and other costs should be considered

## **Education, Early Childhood and Workforce Committee: Transforming the Workforce System – Upskilling American Workers**

### ***Steven Lockard, TPI Composites***

- work-life balance should be a priority, as should be the creation of green jobs
- green jobs can be created in respect of wind energy
- wind energy is now part of the mainstream, and is an affordable, emissions-free energy source
- there is so much more that can be done in respect of wind energy, but the financial crisis has made financing relatively unavailable
- wind-energy-specific skilled workers need to be educated and trained
- governments need to support the growth in wind energy and the jobs that would be created as a result

### ***Pamela Passman, Microsoft Corporation***

- employees should upgrade and retrain on an ongoing basis in order to keep their knowledge “fresh”
- the US needs to be at the forefront of emerging technologies
- an employee earns \$100 more per week, on average, if he or she uses a computer at work, and \$118 more per week, on average, if he or she uses email and the internet at work
- it is important to identify correctly the needs of employers and the marketplace as training requirements are being developed
- the qualifications and training of teachers should be improved
- the Microsoft Corporation is partnering with private, public and community organizations in respect of its Elevate America initiative, which will provide up to 2 million people, over the next three years, with the technology training need for the 21<sup>st</sup> century

## **Economic Development and Commerce Committee: Update on Foreclosure Issues**

### ***Governor Gregoire, Governor of Washington***

- the economic crisis started with foreclosures in the housing market, and conditions in the housing market are continuing to deteriorate
- the state of Washington is taking a three-pronged approach to help address the housing crisis:



- enhanced funding commitments
- access to low-cost financing for selected homeowners
- funding to help at-risk homeowners modify their mortgages
- counselling is available for homeowners

***Governor Corzine, Governor of New Jersey***

- New Jersey has implemented a number of measures to address the housing crisis, including:
  - mediation in foreclosure
  - a loan modification program for selected homeowners
  - work with community organizations to purchase homes that are in foreclosure

***Governor Perdue, Governor of North Carolina***

- North Carolina has a loan modification program housed within the Commissioner of Banks, as well as a voluntary arbitration process

***Governor Baldacci, Governor of Maine***

- in Maine, community banks are well-regulated and should be a big part of the solution to the mortgage “mess”

**Natural Resources Committee: Energy Infrastructure – Vital for a 21<sup>st</sup> Century Economy**

***Pat Wood III, Wood3 Resources***

- regarding energy, there are a variety of production, delivery and efficiency issues that should be examined
- the US has a supply of coal that is predicted to last for more than two centuries
- major strides have been made in reducing coal-related emissions, but continued work is needed
- the costs of carbon capture and storage are uncertain
- in some respects, public policy is getting ahead of technology
- there are a range of energy sources available, including oil, natural gas, coal, nuclear, wind, solar, tidal, biofuels and geothermal
- oil production is characterized by cost volatility

- with natural gas, there is a “huge” amount of price volatility
- in the US, there has not been a new nuclear plant built since the 1990s, and these plants involve a significant upfront cost
- nuclear, wind and solar energy are likely to power electricity at the end of the century
- in some parts of the US, including the mid-West and the West, there is rapid growth in wind energy, and this type of energy is optimized if good wind and good transmission exist
- solar energy is available almost everywhere in the US, and utility-scale solar energy facilities are being built
- regarding biofuels, the focus should be on the use of non-foodstock sources
- with natural gas transmission, the division between the roles of the federal and state governments is unclear

**Jesse Berst, GlobalSmartEnergy.com**

- funds in the US stimulus package will have multiplier effects
- a Smart Grid has climate, environmental and national security benefits
- the US is moving to an electricity economy
- no significant changes have been made to the electricity grid since Thomas Edison, and investments to maintain and innovate the grid have not been made
- as goes the electricity grid, so goes the ability to integrate renewable energy sources and to grow
- one of the best predictors of economic prosperity is the condition of the electricity grid
- every other industry has gone digital except the one on which all of the others rely: electricity
- with a Smart Grid, there are vulnerabilities to blackouts, outages, rising rates and attacks
- smart energy will be the next great industry as well as the foundation for future prosperity
- a Smart Grid costs more upfront, but it pays for itself over its lifetime
- key considerations regarding a Smart Grid include:

- regional and state-level “Smart Grid roadmaps”
- interoperability
- the transmission of pricing information regarding timing and location
- the development of a policy that rewards the “right things”
- regular progress and reporting on results

## **Special Session: Innovative Infrastructure Financing, Accountability and Sustainability**

### ***Bruce Katz, Brookings Institution***

- infrastructure is a key solution to the US’ economic, energy, environmental and prosperity challenges
- following many years of neglect, there is a need to invest in, and reform, the current system of infrastructure
- there are three reasons to use funds for infrastructure: jobs, jobs, jobs
- consumers should be assisted in managing their energy consumption
- consideration should be given to a national or regional infrastructure bank or corporation, bearing in mind that more than thirty states have state infrastructure banks
- a significant proportion of the infrastructure in the US is crumbling before our eyes, and the design of some infrastructure is becoming obsolete
- fuel is being wasted as a result of traffic congestion, and water is being wasted as a result of leaky pipes
- notwithstanding the recent commitments to infrastructure in the US stimulus package, the federal response has been inadequate
- a bold, long-term vision for the nation’s infrastructure future is needed, and with transparency and accountability as key guiding principles
- the federal government should focus on preserving interstate highways, developing a comprehensive plan for moving between urban centres and multi-modal freight movement; for everything else, the federal government should yield to state governments
- land use, housing, environmental concerns, transportation, etc. should be integrated

- there is a pervasive lack of data-gathering and analysis across programs, and silos are also problematic
- the US needs to learn from other countries
- it is more important to "get it right" than to "get it quick"
- in going forward, it is important to:
  - measure what matters
  - track what counts
  - get what we pay for

***Ambassador Felix Rohatyn, FGR Associates LLC***

- regarding the current financial crisis, there is lots of blame to go around
- at least in part, the current financial crisis is the result of inexpensive and ample credit, excessive leveraging and rampant speculation
- with four out of five Americans willing to pay more to get the infrastructure that is needed, the key question is how to get them to pay more
- there is a need to consider not only what is shovel-ready, but also what is shovel-worthy
- federal funds should be invested consistently and rationally
- a more prosperous future awaits the US if the right decisions and investments are made now

***Parris Glendening, Governors' Institute on Community Design***

- out of crisis comes opportunity
- there is a need to reposition the nation and the states for the new economy that is emerging
- the US' transportation system is broke as well as broken
- in the US, additional small stimulus packages are likely

**Closing Plenary Session: International Infrastructure Best Practices—Ideas for Governors**

***Dr. Robert Atkinson, Information Technology and Innovation Foundation***

- digital infrastructure is important, as is hard or physical infrastructure

- while the US used to be a leader in infrastructure, it is now lagging
- the US' infrastructure is aging, and older infrastructure is relatively more costly to repair
- the view held by some Americans that their infrastructure is “good enough” is not good enough
- the US has systematically underinvested in infrastructure
- other nations have:
  - invested more
  - embraced innovation to a relatively greater extent
  - used private-public partnerships
  - collected more from users, including through tolls and congestion pricing as well as other direct user fees
- while gas taxes are not the total answer, they do have a role to play
- lessons learned include:
  - develop priorities
  - determine the best way to fund priorities
  - rely more on direct user fees in order to have more efficient usage
  - use private-public partnerships
  - ensure that regulation supports investment
  - communicate priorities, etc. to the public

***Connie Hedegaard, Danish Minister of Climate & Energy***

- the financial crisis has turned out to be more severe, complex and global than initially thought
- the financial crisis has led us to question the core structure on which we have based our societal foundations
- as we re-think the way we shape our societies and economies, we must “think green”
- new synergies between transportation and energy are possible because of the opportunities provided by the financial crisis

- Denmark is trying to connect its grid with neighbouring countries
- wind power can be used more efficiently when it can be stored in batteries
- while transportation is critical for modern life, it contributes to greenhouse gas emissions
- in Denmark, two-thirds of the people who go from the nation's capital to the second-largest city prefer to use public transit
- public transit is part of Denmark's overall plan for greener transportation
- electric cars are a promising alternative that would assist in the transition from fossil to greener fuels
- a more diversified energy portfolio is needed in order to keep prices down
- in Denmark, all household waste is being turned into energy
- market-based policies and incentives should be used to foster demand for the right types of technology
- green growth pays off, and Denmark has the data to prove this assertion
- continuing to do "business as usual" is no longer an option

Respectfully submitted,

Hon. Jerahmiel Grafstein, Senator  
Co-Chair  
Canada-United States  
Inter-Parliamentary Group

Gord Brown, M.P.  
Co-Chair  
Canada-United States  
Inter-Parliamentary Group

## Appendix A

Governor Baldacci, Maine  
Governor Barbour, Mississippi  
Governor Beshear, Kentucky  
Governor Bredesen, Tennessee  
Governor Carcieri, Rhode Island  
Governor Corzine, New Jersey  
Governor Crist, Florida  
Governor Culver, Iowa  
Governor Daniels, Indiana  
Governor Douglas, Vermont  
Governor Granholm, Michigan  
Governor Gregoire, Washington  
Governor Heineman, Nebraska  
Governor Hoeven, North Dakota  
Governor Huntsman, Utah  
Governor Kaine, Virginia  
Governor Kulongoski, Oregon  
Governor Lingle, Hawaii  
Governor Manchin, West Virginia  
Governor Nixon, Missouri  
Governor O'Malley, Maryland  
Governor Otter, Idaho  
Governor Patrick, Massachusetts  
Governor Pawlenty, Minnesota  
Governor Quinn, Illinois  
Governor Rounds, South Dakota  
Governor Rendell, Pennsylvania  
Governor Riley, Alabama  
Governor Ritter, Colorado  
Governor Sanford, South Carolina  
Governor Schwarzenegger, California  
Governor Schweitzer, Montana  
Governor Sebelius, Kansas

## Travel Costs

<b>ASSOCIATION</b>	Canada-United States Inter-Parliamentary Group
<b>ACTIVITY</b>	National Governors Association Winter Meeting: Strengthening our Infrastructure for a Sustainable Future
<b>DESTINATION</b>	Washington, D.C., United States of America
<b>DATES</b>	February 21 - 23, 2009
<b>DELEGATION</b>	
SENATE	Hon. Jerry Grafstein, Q.C., Senator, Co-Chair Hon. Janis G. Johnson, Senator, Vice- Chair
HOUSE OF COMMONS	Mr. Dean Del Mastro, M.P., Acting Co- Chair Mr. Brad Trost, M.P., Vice-Chair Hon. Scott Brison, P.C., M.P. Mr. Mark Holland, M.P. Mr. Guy André, M.P., Vice-Chair Mr. Brian Masse, M.P., Vice-Chair
STAFF	Ms. June Dewetering, Analyst Mr. Chad Mariage, Executive Secretary
<b>TRANSPORTATION</b>	<b>\$5,047.13</b>
<b>ACCOMMODATION</b>	<b>\$12,806.92</b>
<b>HOSPITALITY</b>	<b>\$ Ø</b>
<b>PER DIEMS</b>	<b>\$3,902.31</b>
<b>OFFICIAL GIFTS</b>	<b>\$ Ø</b>
<b>MISCELLANEOUS/REGISTRATION FEES</b>	<b>\$6,574.45</b>
<b>TOTAL</b>	<b>\$28,330.81</b>