

Canada - United States
Inter-Parliamentary Group
Canadian Section



Groupe interparlementaire
Canada - États-Unis
Section canadienne

**Report of the Canadian Parliamentary Delegation
respecting its participation at the Annual Legislative Summit
of the National Conference of State Legislatures (NCSL)**

Canada-United States Inter-Parliamentary Group

**Minneapolis, Minnesota, United States of America
18–22 August 2014**

Report

DELEGATION MEMBERS AND STAFF

From 18–22 August 2014, Senator Michael L. MacDonald, Vice-Chair, led a delegation from the Canadian Section of the Canada–United States Inter-Parliamentary Group (IPG) to the annual legislative summit of the National Conference of State Legislatures (NCSL), which was held in Minneapolis, Minnesota. The delegation also included Senator Joseph Day, the Honourable Rob Merrifield, P.C., M.P. and Mr. Bob Dechert, M.P. The delegation was accompanied by Ms. June Dewetering, the Canadian Section’s Senior Advisor.

THE EVENT

Founded in 1975, the NCSL is a bipartisan organization serving the legislators and legislative staff of the 50 U.S. states, as well as its commonwealths and territories. It provides research, technical assistance and a venue for the exchange of ideas on state issues. As well, it advocates state interests before the U.S. Congress and federal agencies.

The NCSL is governed by an executive committee, and has eight standing committees on which legislators participate. These committees are:

- Budgets and Revenue
- Communications, Financial Services and Interstate Commerce
- Education
- Health and Human Services
- Labor and Economic Development
- Law and Criminal Justice
- Legislative Effectiveness
- Natural Resources and Infrastructure.

As well, legislators participate on eight NCSL executive committee task forces. These task forces are:

- Agriculture
- Energy Supply
- Federal Health Reform Implementation
- Immigration and the States
- International Relations
- Military and Veterans Affairs
- Redistricting and Elections

- State and Local Taxation.

ACTIVITIES AND DELEGATION OBJECTIVES AT THE EVENT

At the NCSL's 2014 legislative summit, presentations were made on a variety of subjects, many of which have relevance for Canada; at these sessions, IPG delegates benefitted from information that will inform their legislative work in Canada. Typically, the sessions at the NCSL's legislative summits address such topics as: agriculture and rural development; banking and financial services; budgets and taxation; economic development and trade; education; elections and redistricting; energy and electric utilities; environmental protection; government; health and health reform; human services and welfare; immigration; insurance; international issues; jobs; juvenile justice; labor and employment; law and criminal justice; leadership; legislatures; natural resources; pensions; telecommunications and information technology; and transportation.

The interaction with state legislators on the issues discussed at the meeting enables members of the IPG's Canadian Section to achieve better the aims of finding points of convergence in respective policies, initiating dialogue on points of divergence, encouraging exchanges of information and promoting better understanding on shared issues of concern. Moreover, the meetings with state legislators provide members of the Canadian Section with an important means by which to give input to, and gather information about, state-level issues that affect Canada.

In addition to attending the sessions designed to inform state legislators, members of the Canadian Section participated in some of the International Program's activities. This year, more than 250 representatives from 26 countries/regions were involved in this program, and Senator MacDonald presented remarks to the International Program's participants on the topic of the safe transportation of energy.

This report summarizes the discussions that occurred at selected plenary, standing committee and task force sessions.

ENERGY: PERSPECTIVES FROM ACROSS THE GLOBE

Senator Michael L. MacDonald, *Senate of Canada*

- Canada has the world's third-largest proven oil reserves, after Saudi Arabia and Venezuela, and the size of the reserves is likely to increase as technology evolves; even if the International Energy Agency's prediction that the United States will become the largest global oil producer by 2020 becomes a reality, Canada will still be a world leader in petroleum.
- Canada is the third-largest natural gas producer in the world, and the United States is expected to continue to import natural gas, notwithstanding the expectation that it will become a net exporter of natural gas around 2020.

- Canada is one of the world's largest producers of hydroelectricity, and Canada and the United States have an integrated electricity grid that involves more than 30 major transmission interties.
- Canada has the world's largest known high-grade uranium deposits and, in 2011, was the world's second-largest producer of uranium.
- Canada is currently the world's ninth-largest producer of wind energy, solar energy production is growing, and the country has vast renewable biomass resources.
- Recognizing such realities as geographic proximity, it is perhaps not surprising that Canada and the United States have the closest bilateral energy relationship in the world; in particular, Canada exports crude oil and refined petroleum products, natural gas, electricity and uranium to the United States, and imports energy – including electricity and natural gas – from that country.
- In 2011, 90.0% of the \$119 billion in Canadian energy exports was destined for the United States; these exports included:
 - 24.0% of U.S. petroleum imports, much of which was transported through a highly integrated pipeline system;
 - 90.0% of U.S. natural gas imports; and
 - approximately 20.0% of the uranium used in U.S. nuclear power plants.
- In addition to the bilateral energy trade relationship, Canada and the United States are collaborating in the context of the Clean Energy Dialogue that is focused on the development of clean energy science and technologies, and are working together on the development of codes and standards relating to hydrogen and fuel cells; the two countries have a mutually advantageous and multi-faceted energy relationship.
- A topic that is timely in North America, and perhaps in other parts of the world, is moving energy safely; consider, for example, derailments, explosions and/or fires in Lac-Mégantic, Quebec just over one year ago, in Gainford, Alberta in October 2013, near Aliceville, Alabama in November 2013, near Casselton, North Dakota in December 2013, in Plaster Rock, New Brunswick in January 2014 and in Lynchburg, Virginia in April 2014.
- Derailments, explosions and/or fires result in lost lives, damaged property and a range of other negative consequences.
- In August 2013, Canada's Standing Senate Committee on Energy, the Environment and Natural Resources (the Senate Energy Committee) released a report entitled *Moving Energy Safely: A Study of the Safe Transport of Hydrocarbons by Pipelines, Tankers and Railcars in Canada*; the study was started in November 2012, about seven months before the Lac-Mégantic disaster, and the Senate Energy Committee was finalizing its report as the disaster occurred.

- Within several months of the Senate Energy Committee's report being released, Canada's federal Minister of Transport asked the House of Commons Standing Committee on Transport, Infrastructure and Communities (the House Transport Committee) to study the Canadian regime for the safe transportation of dangerous goods, and the role of safety management systems in all modes of transportation; in June 2014, the House Transport Committee tabled its *Interim Report on Rail Safety Review*, and it will continue its work with a focus on the air, marine and surface modes of transportation.
- While most Canadian hydrocarbons are moved safely and incident-free through pipelines, and by tanker and railcar, no activity is free of risk and accidents do occur.
- Pipelines are responsible for moving up to 97.0% of daily natural gas and onshore oil production to markets in Canada and the United States, and – over the 2000 to 2011 period – 99.9996% of the crude and petroleum products moved through federally regulated pipelines without a spill; this rate probably reflects the highly regulated nature of Canada's transportation systems, with a range of frameworks, systems, standards and practices that are designed to ensure safety.
- Recognizing that accidents do occur and can result in the release of fuel, two of the Senate Energy Committee's 13 recommendations addressed pipelines; their primary focus was the development of a program for the mandatory auditing of "safety culture" and efforts to establish a national access point for information on buried utility infrastructure, as well as the promotion of one-call centres and call-before-you-dig initiatives.
- Because of tankers, crude oil is the most traded commodity in the world, with vessels shipping crude oil and other petroleum products daily to virtually all ports around the world; while tankers are generally viewed as a safe, effective way to move crude oil in large quantities, spills can occur and can have lasting effects on marine life, and on the communities and livelihoods of those who live in affected regions.
- Major tanker spills are rare, with the last significant spill in Canada occurring more than 30 years ago; from a global perspective, the number of major tanker oil spills has been falling at the same time as global seaborne oil trade has been rising.
- As spills can be devastating, the Senate Energy Committee made five recommendations regarding marine spills; they focused on the database that provides detailed information on ship-sourced spills, spill preparedness and response capacity that fits the assessed needs of each of Canada's regions, responder immunity protection for Canadian marine response organizations for all non-ship source spills, periodic certification of the Canadian Coast Guard's mandated spill preparedness and response capabilities, and pre-approval for certified marine response organizations to undertake certain actions in specified circumstances.

- Canada has a long history of transporting crude oil by rail, and long distance rail shipments of crude oil have been rising rapidly; in Canada and on average, railcars move dangerous goods without spills 99.9% of the time and, between 2000 and 2012, there were 23 hydrocarbon spills in Canada, many of which were minor.
- The Senate Energy Committee made five recommendations that focus on mandatory “safety culture” assessments within Transport Canada’s audit program, efforts between Canada and the United States to review the use of certain tank cars and consideration of accelerating the transition to a new standard, implementation of recommendations about rail transportation of dangerous goods that were made by the Commissioner of the Environment and Sustainable Development, the application of appropriate minimum liability coverage thresholds to ensure that rail companies are able to cover the damages resulting from a major incident, and an arm’s-length review of Canada’s railway regulatory framework, standards and industry practices.
- The Senate Energy Committee made a general recommendation that would see the creation of a web portal with interactive maps providing detailed information on transportation-related oil and gas spills.
- Since the Lac-Mégantic disaster, Canada’s federal government has taken a number of actions, and others are expected; for example, Canada’s Minister of Transport has issued a number of rail-related protective directions and/or proposed regulatory amendments, and has announced a stakeholder task force with the mandate to determine how emergency response capacity across Canada might be strengthened.
- In Canada, federal announcements about pipelines and tankers have occurred; for example, the government has said that it will introduce legislative and regulatory amendments to remove the per-incident cap on the Ship-Source Oil Pollution Fund and to impose absolute liability on pipeline companies in the event of an onshore oil spill, among other actions.

Honorable Li Bin, *Embassy of the People’s Republic of China in the United States of America*

- China needs energy to support economic growth.
- About 66.0% of China’s energy is coal, followed by crude oil, natural gas and renewable sources of energy.
- In China, hydro, wind and solar power are growing sources of energy, and there are plans to increase the number of nuclear power plants.
- Given its energy structure, climate change is a major issue in China.

Faruk Taban, *Turkic American Alliance*

- Technology facilitates production and, therefore, exportation.
- Turkey is a strategic partner and can help the European Union (EU) attain energy security; much of Turkey's shale gas is destined for Europe, but there are concerns about transportation routes.

Geoffrey Harris, *European Parliament Liaison Office with the U.S. Congress*

- The EU imports 53.0% of the energy that it consumes; 39.0% of imported gas and 33.0% of imported oil are from the Russian Federation, which raises concerns about what would happen if it ceases to supply energy to the EU.
- Each of the 28 countries in the EU has its own energy mix and its own views regarding such issues as fracking; it is difficult for the EU to "speak with one voice" regarding energy policy.
- Europe has a variety of new energy technologies.

FIELD TO MARKET: WHAT'S NEXT

Rod Snyder, *Field to Market*

- With a projected demand for food by 9 billion people by 2050, there is a need to focus on how to do more with less and on the environmental impacts of various agricultural systems.
- The focus of "sustainable agriculture" is meeting the needs of the present while improving the ability to meet future needs; the meaning that should be given to the term "sustainable" varies across agricultural sectors.
- Sustainability must exist along the entire agriculture and agri-food supply chain, from the farm to the grocery store.
- Agricultural practices should be changed with a view to achieving better environmental results; in that regard, it is important to collect data to assess progress over time.
- Increasingly, consumers want to know the source of their food, and they want to understand food production.
- As U.S. farmers are becoming increasingly efficient over time, they are able to produce more with less.

FOOD SAFETY MODERNIZATION ACT: IMPLEMENTATION AND BEYOND

Jeff Farrar, *U.S. Food and Drug Administration*

- The current changes to the United States' *Food Safety Modernization Act* (FSMA) are the first in more than 70 years, and – in part – are a response to the many food-borne disease outbreaks in recent years.
- It is important to educate before, as well as while, you regulate.
- It is essential to “level the playing field” between domestic and imported food.
- The FSMA faces a number of challenges, including the following:
 - To date, there have been no additional funds for the U.S. Food and Drug Administration or the states to implement the new provisions of the FSMA.
 - The “incredible” diversity and complexity of domestic and international food safety systems must be accommodated.
 - It is important to build upon what has worked well in the past, such as the Hazard Analysis and Critical Control Points system, and not to reinvent the entire system.
 - Outreach and education are needed about the changes to the FSMA.
 - With the new approaches to inspection and compliance, the focus will be on trying to make improvements, rather than on attempting to “make a legal case.”
- With the new approaches contained in the FSMA, there will be regulatory incentives for compliance; for example, organizations that have a culture of safety will not be inspected with the same frequency and in the same manner, a risk-based approach to inspections will occur so that the highest-risk procedures, practices and facilities will be a greater focus, and known pathways of contaminants will be a primary focus.
- Importers are accountable for the safety of the foods that they bring into the United States.

Barbara Cassens, *U.S. Food and Drug Administration*

- There are diverse challenges across the United States regarding food safety.
- It is possible to prevent, and not just respond to, food outbreaks.
- The inspection frequency for high-risk foods should differ from that for low-risk foods.

ANIMAL AGRICULTURE HOUSING UPDATE

Janeen Salak-Johnson, *University of Illinois*

- A physiological change in an animal does not necessarily mean that its well-being has been compromised; science should be used to determine if well-being has declined and, if it has, experts should recommend solutions.
- Animal welfare challenges change over time, and they change over time with any given animal.
- There are pluses and minuses to every animal welfare system in existence today.
- In the EU, the gestational stall has been outlawed since 1 January 2013.

Wayne Pacelle, *Humane Society of the United States*

- In some cases, the law must “speak” in order to avoid situations of animal cruelty.
- The legal framework should acknowledge that animals matter and that malicious cruelty leads to negative consequences; consider legislative efforts in relation to dog fighting, cock fighting and puppy mills, for example.
- Societal values, including personal beliefs and dietary habits, have been shifting in the direction of more care and humane treatment of animals.
- What people think about animal treatment and what is actually happening to animals differ.
- Canada, the EU nations and other countries have banned gestational stalls.

A NEW EDUCATION REVOLUTION

Sir Ken Robinson, *Author, Speaker and International Advisor on Education*

- When the iPhone was released, there were 800 apps available, a number that now exceeds 1 million; the number and range of apps could not have been predicted.
- The human mind is constantly and intensely “fertile.”
- We are living in revolutionary times, and events are occurring for which there are no precedents in human history; the events are unprecedented in their scale, complexity, speed and implications.
- Many people do not enjoy the life that they are living and/or the work that they are doing; rather, they are enduring one or the other or both.
- The world in which children are growing up today bears very little resemblance to the world in which the baby boomers grew up; technology is among the “drivers” of change.

- Social media have some benefits, but also some anti-social effects.
- The education system, which is a primary means by which the future is brought into being, must provide children with the type of education they will need for the future.
- Education is a national issue, but a local matter.
- The United States has a “catastrophically” high non-completion/non-graduation rate, and literacy levels have not risen at the expected rate.
- Finland has no standardized testing in schools, has a broad curriculum, invests significant amounts in its teachers, and focuses on cooperation rather than competition.
- As about 50.0% of the world’s population now lives in cities, it is important to “get cities right.”
- It is a misconception that only “special” people or things are creative, imaginative and/or innovative.
- There is a difference between standards and standardization; it is important to have high standards, but to allow creativity in how those standards are met.
- A policy of standardization stifles creativity; society needs to capitalize on the power of creativity.

CROWDFUNDING: SIMPLIFYING THE INVESTMENT PROCESS IN THE STATES

Anya Coverman, North American Securities Administrators Association

- With crowdfunding, small amounts are collected from a large number of people, typically through the Internet; they may receive some type of token in exchange for their contribution.
- The U.S. *Jumpstart Our Business Startups Act*, or the Jobs Act, created a federal mechanism for equity-based crowdfunding; in particular, an exemption from federal broker-deal registration was implemented.
- With crowdfunding, everyone can invest; there is no need to be a sophisticated investor.
- The United States’ states are passing laws to facilitate inter-state crowdfunding efforts.
- There are some investor protection concerns in crowdfunding situations.

Senator Travis Holdman, *Indiana Senate*

- Crowdfunding occurs in a variety of situations, including to raise equity and to make charitable contributions.
- In the context of crowdfunding, entrepreneurship could be promoted with securities exemptions.

Carol Mihalik, *Indiana Securities Commissioner*

- Non-accredited investors now have access to certain exempt private investment offerings through the Internet and businesses now have a new source of capital.
- Crowdfunding is expanding the investment choices available to investors.

BUILDING A BRAND FOR LEGISLATIVE STAFF

Bryant Howe, *Utah Legislature*

- Those who provide goods or services must continually show that they add value.
- A brand “stands for something”; it should inspire a sense of consistency and should differentiate the brand holder from competitors.
- The following steps are important in developing a brand:
 - Decide what is important.
 - Make sure that employees know what is important.
 - Get feedback from customers.
 - Repeat the above steps, as required.

Steve Miller, *Wisconsin Legislature*

- Logos have the power to affect the way that we think; they develop identification and build trust over time.
- It takes time to develop “the brand”; over time, a conditional reflex is created.

Catherine Wusterhausen, *Texas Legislature*

- Branding goes beyond a logo; goods and services providers should identify their purpose and the “things” for which they stand, and should evaluate them periodically in order to determine what – if anything – needs to be changed.
- When providing a good or service, it is important to gain a complete “picture” of what purchasers and users want; as well, it is important to identify any unique strengths as a goods or services provider.
- Services should be accessible when, where and how users want them to be available.
- Increasingly, an online presence is important.

ENDING HUMAN TRAFFICKING

Cindy McCain, *Businesswoman and Philanthropist*

- Human trafficking is a human rights violation; some have difficulty believing that human rights violations are occurring within the United States' borders.
- Regarding human trafficking, the United States needs to “get its house in order” before it helps the rest of the world; there is a need to strengthen legislation and change attitudes in order to see those who are trafficked as victims.
- In the United States, efforts to address human trafficking should occur on a state-by-state and collective basis.
- Human trafficking is like a “spider web” of organized crime; unlike drugs and guns, which can only be sold once, the victims of human trafficking are sold time and time again.
- National coordination is needed regarding the sharing of human trafficking data.

Senator Amy Klobuchar, *U.S. Senate*

- The average age in a sex trafficking case in the United States is 13.
- About 80% of the victims of human trafficking in the United States are from the United States.
- Human trafficking is the third-largest illegal enterprise in the world, after drugs and guns.
- Hotel workers should be trained to identify the victims of human trafficking.
- If the safety of the victims of human trafficking is assured, victims will be more likely to self-identify.
- The United States needs a national human trafficking strategy before it can move forward to act globally.
- Funding and training in relation to human trafficking would benefit from a national focus.
- The United States needs human trafficking legislation that is as sophisticated as those who perpetrate this crime.

INFRASTRUCTURE INTERSECTIONS: TRANSPORTATION'S IMPACT ON THE WHOLE ECONOMY

Jennifer Macdonald, *Association of American Railroads*

- In North America, most railway companies own track and operate railcars on that track.
- Despite the economic downturn, in recent years, railroads have made significant investments in infrastructure and equipment.
- Until the global recession, there was a steady increase in rail traffic; with the recession, traffic fell, but it is rising again.
- The United States' railroads carry a wide range of goods, including coal, chemicals, food, motor vehicles and parts, grain, sand, gravel and crude oil.
- Crude oil has very little value if it cannot be transported to a refinery; historically, most crude oil has been transported by pipelines, although some has been moved by rail because of location and volume considerations.
- It is expected that the demand for freight transportation by rail will rise by 45% between 2011 and 2014, from 17.6 billion tons to 28.5 billion tons.

Michael Steenhoek, *Soy Transportation Coalition*

- The international competitiveness of the United States depends on the ability to transport agricultural goods to destinations for export; in this regard, virtually everything except air freight – rural roads and bridges, the highway system, the rail system and ports – is very important.
- A key question is how to finance surface transportation; fixed sources of revenue are trying to “meet” escalating costs, with inevitable funding shortfalls.
- Regarding transportation infrastructure, it is important to take care of what exists, and to acquire what is needed as funds become available.

HOW ARE KIDS DOING IN YOUR STATE?

Lisa Hamilton, *Annie E. Casey Foundation*

- All parents want their children to succeed in life, but many children face barriers to success.
- There are three steps to a strong foundation for children:
 - strengthening families;
 - ensuring access to opportunities; and
 - building strong communities.
- Two-generation strategies, whereby parents and children are helped simultaneously, can have positive outcomes.

- In comparing 2012 to various past years on four indicators of children’s economic well-being, “teens not in school and not working” was unchanged, while “children in poverty,” “children whose parents lack secure employment” and “children living in households with a high housing cost burden” worsened.
- In comparing 2012 to various past years on four indicators of children’s education, there were improvements in terms of “children not attending preschool,” “fourth-grade students not proficient in reading,” “eighth-grade students not proficient in math” and “high-school students not graduating on time.”
- In comparing 2012 to various past years on four indicators of children’s health, there were improvements in “low-birthweight babies,” “children without health insurance,” “child and teen deaths per 100,000,” and “teens who abuse alcohol or drugs.”
- In comparing 2012 to various past years on four indicators of family and community, “children in single-parent families” and “children living in high-poverty areas” worsened, while improvements occurred regarding “teen births per 1,000” and “children in families where the household head lacks a high-school diploma.”
- According to 2014 child well-being rankings, the top five states are:
 - overall, Massachusetts, Vermont, Iowa, New Hampshire and Minnesota;
 - from an economic well-being perspective, North Dakota, South Dakota, Iowa, Minnesota and Nebraska;
 - from an education perspective, Massachusetts, New Jersey, Vermont, New Hampshire and Connecticut;
 - from a health perspective, Iowa, Massachusetts, Maine, Utah and New York; and
 - from a family and community perspective, New Hampshire, Utah, Vermont, North Dakota and Minnesota.
- According to 2014 child well-being rankings, the lowest five states are:
 - overall, Arizona, Louisiana, Nevada, New Mexico and Mississippi;
 - from an economic perspective, Arizona, Nevada, California, New Mexico and Mississippi;
 - from an education perspective, West Virginia, Louisiana, Mississippi, New Mexico and Nevada;
 - from a health perspective, Alaska, Nevada, Mississippi, New Mexico and Montana; and
 - from a family and community perspective, Arizona, Texas, Louisiana, New Mexico and Mississippi.

EMERGENCY COMMUNICATIONS

Brian Fontes, *National Emergency Number Association*

- Smartphones now comprise 70% of the market, and about 40% of U.S. households have only wireless communication.
- At present, there are 330 million wireless connections in the United States and, this year, most of the “traffic” on the Internet will be mobile communications.
- The 911 system is “stuck” in the last century; today, we live in a world of data, and commitment, leadership and funding are needed to move the 911 system into the current century.
- Networks are moving from routers to Internet Protocol (IP) networks, which are needed for the next generation 911 system.

Mitch Herckis, *National Association of State Chief Information Officers*

- Many chief information officers are the states’ point of contact for the First Responder Network Authority.
- Chief information officers need to understand the requirements of first responders.
- Most U.S. states are making substantial progress regarding emergency communications, although there is no “cookie cutter” approaches.

Victoria Lee, *First Responder Network Authority (FirstNet)*

- In developing a wireless, interoperable public safety broadband network, it is important to recognize the diversity of “the landscape,” which includes the following:
 - wilderness;
 - rural;
 - suburban;
 - urban; and
 - dense urban.
- For the foreseeable future, public safety will depend on land mobile radio for mission-critical voice communication.
- Consultation is an iterative process, not a single event.

Matthew Gerst, *CTIA – The Wireless Association*

- At present, there are 335.6 million wireless subscriptions in the United States, a number that is 104% of the U.S. population.
- On average, people look at their smartphone 150 times each day.
- About 40% of American households have “cut the cord.”

- In 2013, U.S. wireless carriers invested more than \$34 billion in their networks.
- The 911 service is available to about 99% of the American population, with almost 6,000 public safety answering points.
- The next generation 911 service will involve voice, text and video messages directly to public safety access points from any location and using any device.

CRYPTO-CURRENCIES: CHANGING THE WAY WE DO COMMERCE

Matthew Lambert, *Conference of State Bank Supervisors*

- Value can be transmitted in an increasing number of ways.
- There are six payments systems for centralized currencies, and they rely on government-backed currency; the systems are:
 - cash;
 - cheques;
 - credit cards;
 - debit cards;
 - automated clearing houses; and
 - wire transfers.
- With virtual currencies, the value is in the transmission.
- Bitcoin is a payments system that involves a public ledger, and bitcoin is the unit of value that is divisible to eight decimals.
- With a traditional transaction, value is transferred from the purchaser through an intermediary to the seller; with a bitcoin transaction, an encrypted private key transfers value.
- Some issues regarding virtual currencies include the following:
 - large fluctuations in value;
 - limited usage at this point in time; and
 - security considerations.

Jason Thomas, *Thomson Reuters*

- An important question is: what gap is filled by virtual currencies?
- When virtual currencies are used as the method of payment, purchasers cannot get their money back if a transaction is not fulfilled.
- In the United States, there is no real regulation of virtual currencies at this point in time.

- It is not the virtual currency itself that is the problem, but rather its “mixture” with something else; for example, the Silk Road website, which used a virtual currency, was used to purchase and sell drugs, guns, etc.
- At this moment, the virtual currency “of the realm” is bitcoin.
- At the present time, there are consumer protection and security concerns regarding virtual currencies.
- According to the U.S. Internal Revenue Service, bitcoin is considered to be property, rather than income.

Jim Harper, *Bitcoin Foundation*

- As Bitcoin is Internet-based, it is relatively inexpensive.
- The Bitcoin protocol is similar to an IP; the former is a global, public, online ledger to which everyone can “write” and no one can erase.
- Because of the public ledger, to which access is controlled through private keys, Bitcoin is not completely anonymous.
- Bitcoin derives its value from the consensus among users that the digital currency will continue to have value.
- Bitcoin resolves the “double spending” problem.
- The number of bitcoin that can exist is limited.
- About 50% of the world’s population lacks access to formal or traditional financial services, and Bitcoin increases access to such services.
- There are virtual currency-related regulations pending in New York State, where a bitlicence will be required.
- A decision must be made about whether to regulate Bitcoin’s underlying technology, or to regulate bitcoin-related activities.
- Some issues regarding virtual currencies include the following:
 - volatility in their value;
 - security;
 - consumer protection;
 - the balance between privacy and security; and
 - risk aversion in the financial services sector.

FOOD AND FARM

Representative John Diehl, *Missouri House of Representatives*

- Agricultural supply chains involve moving food from farmers to processors to retailers to purchasers.
- The “politics of food” will be the next “global warming.”
- Those who reside in urban centres do not necessarily understand how food arrives at their grocery stores.
- In the 1950s, one farmer fed 50 people; now, one farmer feeds 155 people.
- With the global population predicted to be 9 billion by 2050, the United States will be called upon to help feed the world.
- Food transcends borders, and there is a need to ensure that it can cross borders.

Representative Dwight Evans, *Pennsylvania House of Representatives*

- Food is not liberal or conservative, and nor is it Republican or Democrat.
- Often, people do not understand agricultural supply chains.
- Discussions of food unite people.
- Efforts are being directed at getting children to understand farming from an entrepreneurship perspective.

POLLS, POLITICS AND WHAT AMERICANS REALLY THINK

Neil Newhouse, *Public Opinion Strategies*

- The answer to the question of what the 2014 mid-term elections mean for the 2016 elections is “nothing.”
- Satisfaction with the direction of the country is near a record low level for a mid-term election, and many feel that the United States is “going to hell in a hand basket.”
- President Obama’s “job approval” rating is at a new low, which will mean “uphill campaigning” for Democratic candidates.
- There is a widespread feeling that the United States’ policy system is broken.
- Political polarization is extreme, and the United States’ hyper-partisanship has never been worse; the “political middle” in the House of Representatives has “disappeared” over the last 30 years, and is non-existent in the Senate.
- Voters have become more ideological, and independent voters are key.
- There is an anti-incumbent political environment, and the days when voters hated the U.S. Congress but loved their Senator or Representative have ended; the “burden of proof” is on incumbents, who must demonstrate that they deserve re-election.

- Americans are “hurting” economically, with 49% believing that they are still in a recession and many of the jobs that are “coming back” not being as good as the jobs that were “lost.”
- American optimism is “dying,” and parents fear for their children’s future.
- Republicans may “win” the 2014 mid-term elections for reasons that include the following:
 - Democrats will find it hard to overcome President Obama’s 40% “job approval” rating.
 - Republicans are “winning” the “enthusiasm battle.”
 - Independent voters are “tilting” toward the Republicans.
 - The Democrats’ success in “getting the vote out” in 2012 will be hard to replicate.
 - Key Senate races are occurring in “red” states.
- Republican may not “win” the 2014 mid-term elections for reasons that include the following:
 - Campaigns and candidates “matter.”
 - The “enthusiasm” factor is far over-rated.
 - The Republicans’ image is “in the dumps.”
 - The Democrats’ “ground game” is invisible, and it is hard to “see it coming.”
 - Republicans have not made any inroads among minority voters.

Geoffrey Garin, *Hart Research Associates*

- Although more Americans call themselves conservatives, at 41%, than call themselves liberal, at 22%, the moderates “hold the balance,” at 34%.
- There is a gender gap and a generational gap in how voters think of themselves ideologically; men and youth are much more likely to think of themselves as conservative and liberal respectively.
- Voters’ ideological view of themselves depends on the issue: conservative on fiscal issues, liberal on social issues and more evenly divided on economic issues.
- At 49%, the economy is still American voters’ most important issue.
- Voters are much more concerned about the government spending too much than about it investing too little.
- Debate is animated by a concern about whether there are still opportunities for all Americans, with this concern threatening the idea that everyone has the opportunity to “move up”; there is a lack of trust that the “economic system” is “fair.”

- Americans are very concerned about the future for today's young people, with most believing that they will be worse off than their parents.
- Voters want candidates who care about working people, understand the struggles of the average person, and "side with" working people rather than the wealthy.
- Post-secondary education is seen as crucial for success, but affordability and debt concerns are leading to frustration; as well, while higher education is not a guarantee of success, the lack of a higher education is a guarantee of failure.
- The parents of children in the kindergarten to grade 12 school system feel that the two most significant problems are "teaching to tests" and a lack of funding.
- Democrats have vulnerabilities because of "Obamacare," but so too do Republicans who are fixated on repeal of the *Affordable Care Act*.
- The saliency of the illegal immigration issue is rising.
- The debate over birth control coverage may exacerbate Republicans' "problems" with female voters.

U.S. ECONOMIC OUTLOOK

Kei-Mu Yi, *Federal Reserve Bank of Minneapolis*

- The U.S. Federal Reserve System's decentralized structure makes it relatively unique among the world's central banks; there are 12 Reserve Banks, each representing a geographic district.
- The Federal Reserve System's functions are:
 - to supervise banks to ensure safety and soundness;
 - to operate parts of the payments system; and
 - to conduct monetary policy with the goal of achieving the goals mandated by the U.S. Congress.
- The Federal Reserve System's monetary policy mandate and goals are set by Congress as:
 - maintain stable prices, which – since 2012 – has been interpreted by the Federal Open Market Committee to be an inflation rate of 2% as measured by the personal consumption expenditures deflator; and
 - maximize employment, although there is no specific numerical target.
- To achieve its dual mandate during the Great Recession and its aftermath, the Federal Reserve initially used its conventional monetary policy tool, the federal funds rate; this rate was reduced to 0% by late 2008.
- In addition to using its conventional monetary policy tool, since late 2008, the Federal Reserve has also taken unconventional policy actions:

- forward guidance, which focuses on communicating the conditions under which, and for how long, the federal funds rate will remain at a certain percentage; and
- large-scale asset purchases of government-issued or government-backed securities with the goal of reducing long-term interest rates, thereby stimulating capital investment, purchases of certain consumer durables, and economic activity more broadly.
- In the United States, recent gross domestic product (GDP) growth has been unusually slow compared to earlier economic recoveries, and the unemployment rate is declining but remains high; the employment-population ratio shows little improvement and, during the recovery, many have dropped out of the labour force because they are discouraged or have retired.
- The United States' economic recovery has been slow because of such factors as the following:
 - uncertainty about the economic and future policy directions, which has meant that households, corporations and governments have spent less than would otherwise have been the case;
 - “fiscal drag”;
 - tight credit and high debt, which has meant reduced spending that has affected GDP growth;
 - a continuing decline in labour force participation, which peaked 14 years ago, with fewer workers leading to less output; and
 - lower productivity growth.
- Going forward, the United States' economic recovery is expected to continue and strengthen as the following situations occur:
 - uncertainty about the economic and future policy directions continues to diminish and, thereby, households, corporations and governments become less cautious about spending;
 - the “fiscal drag” wears off and government spending starts to rise, thereby supporting GDP growth; and
 - credit continues to become more accessible.
- The United States' GDP growth is expected to be stronger in the third and fourth quarters of 2014 and into 2015, and the unemployment rate is expected to continue its gradual decline; inflation is expected to return to its 2% target.

EMERGING TRENDS IN INFRASTRUCTURE FINANCE

Chee Mee Hu, *Moody's Investor Service*

- The United States has a variety of options for funding infrastructure, including bonds, gas taxes, loan programs and public-private partnerships (P3s).
- In the United States, the first P3s started about 20 years ago; their use is likely to continue to grow.
- With P3s, the public and private sectors share the risks; this situation differs from conventional public finance procurement methods, where governmental entities take all of the risks.
- With P3s, risks are identified, negotiated, allocated between the public and private sectors, and codified in the P3 contract.
- At the present time, the United Kingdom has more than 700 P3s in operation, while Canada has about 100, with up to a dozen additional P3s each year.

Anita Molino, *Bostonia Partners, LLC*

- By 2020, U.S. infrastructure upgrades will require an investment of \$3.6 trillion; the projected funding shortfall is \$1.6 trillion.
- Given the range of infrastructure financing tools and funding mechanisms that exist, it is important to evaluate all options.
- In light of budget constraints and increased demands, P3s are a viable financing option.
- There are seven steps for a successful P3; they are the following:
 - Align objectives.
 - Communicate effectively, and on the right issues.
 - Clarify decision making and ensure that the right people are involved at the right time.
 - Establish clear accountabilities and avoid duplication across the partnership.
 - Ensure that the right skills are in the right place.
 - Ensure that the leaders are acting for the common good of the partnership.
 - Develop responsive ways of working together.
- There is a common misperception that P3s are always a relatively more expensive means of project delivery for governments.

- A thorough and proper evaluation of a P3 involves the following analyses:
 - costs of deferred maintenance, repair and replacement;
 - timing of the project; and
 - complete financial analysis using a value-for-money assessment on a net present value basis, which involves establishing a public-sector comparator as a baseline to compare to a P3 or privatized options, conducting a full life-cycle cost and revenue analysis for each option, and valuing and assessing the transfer of risk effectively.
- While the financing costs for a P3 project may be relatively higher, a full life-cycle cost and revenue analysis often shows savings over time resulting from risk allocation, design, construction and long-term operating and maintenance.
- With a P3, the risk should be allocated to the partner that is best able to bear the risk, with the return “travelling” with the risk.
- There are opportunities for P3s in the following areas:
 - health;
 - education;
 - housing;
 - utilities;
 - transportation;
 - corrections and justice; and
 - energy.

THE NEW ECONOMY OF SHARING

Ashwini Cchabra, *Uber Technologies*

- In the context of the sharing economy, a key issue is the right way to regulate the peer-to-peer model.
- At present, Colorado is a leader in “sharing economy” legislation.

Doug Shinkle, *National Conference of State Legislatures*

- The “sharing economy” is a collaborative economic model that leverages communities or crowds to rent, share or swap goods or services.
- In 2014, a number of U.S. states debated legislation relating to ridesharing.
- At present, the “sharing economy” includes such goods and services as bikes, cars, houses or one or more rooms in a house, clothing and/or accessories for an event, toys, parking spots, used electronics, textbooks, etc.

BIG DATA: BIG OPPORTUNITIES, BIG RISKS

Dave Garriepy, *Retail Industry Leaders Association*

- In 2013, 300 U.S. businesses were contacted by a federal agency because a data breach had been identified.
- Efforts are under way to enhance cybersecurity in the retail sector.
- It is important to plan for the threats of today and for those of tomorrow by anticipating future threats.
- As appropriate, information about data breaches, threats, etc. should be shared.

Jim Halpert, *DLA Pipler*

- “Big data” offers the promise of governments and the private sector being able to “do better,” including in relation to health outcomes.
- “Big data” and data breaches have little in common; the latter often do not involve sensitive information.
- Most U.S. states have “security breach notification” laws; federal requirements address notification of breaches in certain sectors, including financial services and communications.
- Data breaches are costly; they involve a loss of goodwill and other negative effects on “the brand,” and have forensic costs.
- Data breaches occur because data protection is increasingly difficult and hackers are very innovative; ongoing assessment of risks must occur.
- There is no “silver bullet” in attempting to resolve information security challenges.
- In addition to positive uses for “big data,” there are negative uses, including illegal discrimination regarding employment, insurance, etc.

Doug Robinson, *National Association of State Chief Information Officers*

- “Big data” presents big risks and big opportunities.
- States are repositories of large amounts of data, which is not the same as “big data.”
- “Data mining” has been occurring for 30 years, and data analytics is a growing field.
- Regarding “big data,” states need a strategic intent, an architecture, a governance framework, etc.

Christopher Surdak, *Hewlett-Packard Autonomy*

- The focus of “big data” discussions should not be “data” or “bigness,” but rather whether it is possible to answer new and “bigger” questions.
- There may be more data, but that does not mean that the algorithms are better.
- About 97% of the apps that are downloaded are opened only once.
- Google does not make any money, but it is the third most valuable company in the world.
- The first mover advantage is unassailable.
- Disruption is guaranteed; the question is: are you going to be disruptive, or are you going to be disrupted?
- In a world with “big data,” if you meet your goal, you have failed, as you have not been disruptive.

Respectfully submitted,

Hon. Janis G. Johnson, Senator
Co-Chair
Canada-United States
Inter-Parliamentary Group

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

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	Annual Legislative Summit of the National Conference of State Legislatures (NCSL)
DESTINATION	Minneapolis, Minnesota, United States of America
DATES	18–22 August 2014
DELEGATION	
SENATE	Hon. Michael L. MacDonald, Senator Hon. Joseph Day, Senator
HOUSE OF COMMONS	Hon. Rob Merrifield, P.C., M.P. Mr. Bob Dechert, M.P.
STAFF	Ms. June Dewetering, Senior Advisor
TRANSPORTATION	\$ 6,070.95
ACCOMMODATION	\$ 4,978.13
HOSPITALITY	\$ 0.00
PER DIEMS	\$ 740.89
OFFICIAL GIFTS	\$ 0.00
MISCELLANEOUS / REGISTRATION FEES	\$ 3,595.56
TOTAL	\$15,385.53