



# RMA Road Asset Deficit Report At-a-Glance

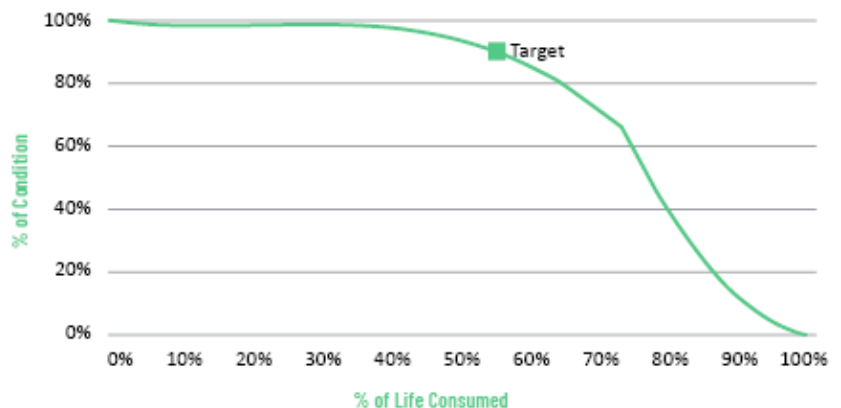
September 2024

The RMA’s Rural Municipal Infrastructure Deficit Project consists of four reports examining the funding gap that exists between the current condition state of rural municipal infrastructure and an ideal condition state. The second report released as part of the project is the Road Asset Deficit Report.

This At-a-Glance document provides an overview of the report’s results. For details on the project, the methodology, and the significance of the findings, read the full report, available on the RMA website and [through this link](#).

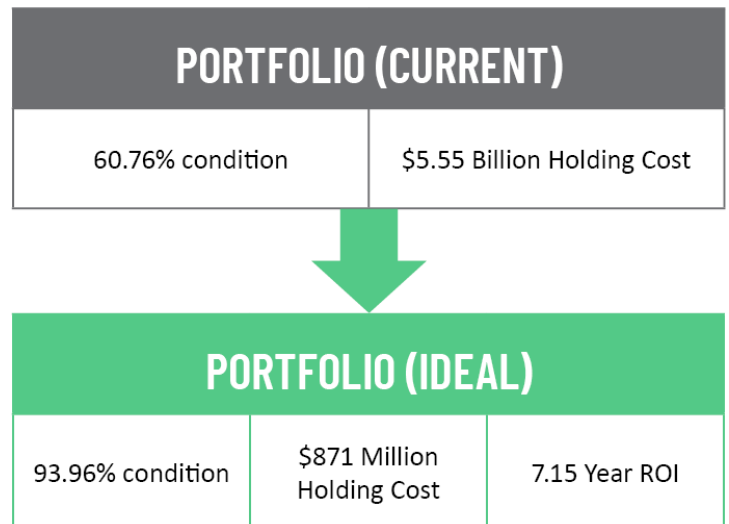
## Methodology and Data

- ◆ Data sources: Municipal road asset data collected through a structured workbook. Twenty-nine of 69 RMA members submitted completed workbooks. To extrapolate the results for all rural municipalities, road length data from the Municipal Financial Information System was used.
- ◆ Total kilometres of roads within the analysis: 135,448.
- ◆ Roads inspected prior to 2023 were manually aged to represent their expected condition and life consumed in 2023. Less than 2,000 kilometres of road was inspected in 2023.
- ◆ The report measures the condition of the road portfolio with an asset deterioration curve that uses a combination of “life consumed %” and “condition %” to determine the condition rating.
- ◆ The curve is more reflective of the actual infrastructure deficit than straight-line deterioration used for accounting purposes. It reflects the reality that as assets reach varying points in their lifespan, degradation intensifies.
- ◆ The curve allows identification of an optimal “target” point that will allow for assets to be maintained efficiently, before the asset curve steepens and annual costs to maintain the asset in its current condition (holding cost) increase.
- ◆ The target point on the curve used in the project is 94% condition rating.
- ◆ The infrastructure deficit is measured by subtracting the observed condition value based on the asset portfolio’s observed condition rating from the value associated with the target point condition rating.



## Results

- ◆ The overall rural municipal road portfolio is at a current condition rating of 60.76%.
- ◆ The portfolio’s effective age is 20.44 years, based on an average useful life of 27.09 years.
- ◆ The holding cost (annual amount required to maintain the portfolio at its current level and avoid further degradation) is \$5.55 billion. The holding cost for the optimal target condition rating (94%) is just \$870.9 million per year.
- ◆ Based on the value of the road portfolio at the 94% target state (\$33.94 billion), and the current value based on actual condition (\$21.95 billion), the overall rural municipal road infrastructure deficit is \$11.99 billion.
- ◆ This means it would require a one-time \$11.99 billion investment to return the full bridge portfolio to the 94% condition rating.
- ◆ Due to the significantly lower holding cost at 94%, there would be a return on investment of the \$11.99 billion in 2.56 years.



### Future Projection

- ◆ Based on average provincial investment (through grant funding) in roads and bridges over the past several years, the report projects that the road portfolio is at risk of deteriorating significantly in the next five years based on its current point on the deterioration curve.
- ◆ In 2028, life consumed will increase to 92.80% and condition will decrease to 7.46%.
- ◆ The value of the portfolio will decrease to just \$2.70 billion.
- ◆ The one-time cost required to return the portfolio to ideal 94% condition will increase to \$31.24 billion.

### What’s Next

The RMA will release a similar report on utility infrastructure in the coming weeks. The project will culminate with a final report with an overall rural municipal infrastructure deficit along with policy recommendations. RMA previously released a bridge infrastructure report [available here](#).