The Japanese Revenue Pooling System

The Japanese Government have used tolls to generate revenue for road construction since the mid 1960s. In 1972 a "toll revenue pooling system" was introduced. Previously revenues had been used only to finance the specific route on which they were raised. The pools are separate for urban expressways and for regional networks. Tolls are set equal on all routes and segments of the network, no matter what the construction costs or traffic levels.

The rationale for the system was:

1. It was felt that traffic forecasts could only be achieved if the full network was in place
2. Profitability of some routes would be improved by the opening of connecting routes
3. Some particularly costly parts of the network would be unable to cover their construction cost from toll revenues but were deemed important for the network as a whole
4. Politically it was easier to establish common tolls across the network -- it was seen to avoid confusion and to was seen as "fair" since all roads provide essentially the "same" service.
5. Some regions had benefited from early development of expressways. It was therefore deemed acceptable to use revenues collected there to support the development of expressways elsewhere in the country.

Operating and maintenance costs and interest costs on the construction loans took up 57% of the total pooled toll revenue on the 6,416km National Expressway Network in 1997. Approximately 50% of routes generated revenue in excess of their operating, maintenance and interest costs.

Sources: Jun-ichi Matoba, Director for Toll Road Development, Ministry of Construction, Japan, "Toll Road System in Japan: Expressway Network Development through Public Corporations", paper to Tokyo conference 1999

Asian Toll Road Development Program: Review of Recent Toll Road Experience in Selected Countries and Preliminary Tool Kit for Toll Road Development.