

# Financial Incentives to Cycle to Work

*Which would cost more: pay people to be active, or pay the costs when they are inactive?*



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Financial incentives:

IN VOGUE

We want you! (to cycle more)



# Recent headlines

## French cyclists being paid to ride to work

Pilot scheme in France sees cyclists being paid 25 cents per kilometre ridden to work to entice them away from car use

## UK's Cycle to Work scheme hailed as a success

Tax break system is getting thousands of bums on bikes

## Half of Australians would cycle to work if they were paid to, survey finds

Heart Foundation says a European-style ride-to-work cycle scheme would boost bicycle use and reduce healthcare costs

# The Australian Survey (2014)

- More than 70% support the implementation of a financial incentive to cycle more
- More than a third would like to cycle to work
- About 50% thought they could be induced to cycle with a financial incentive

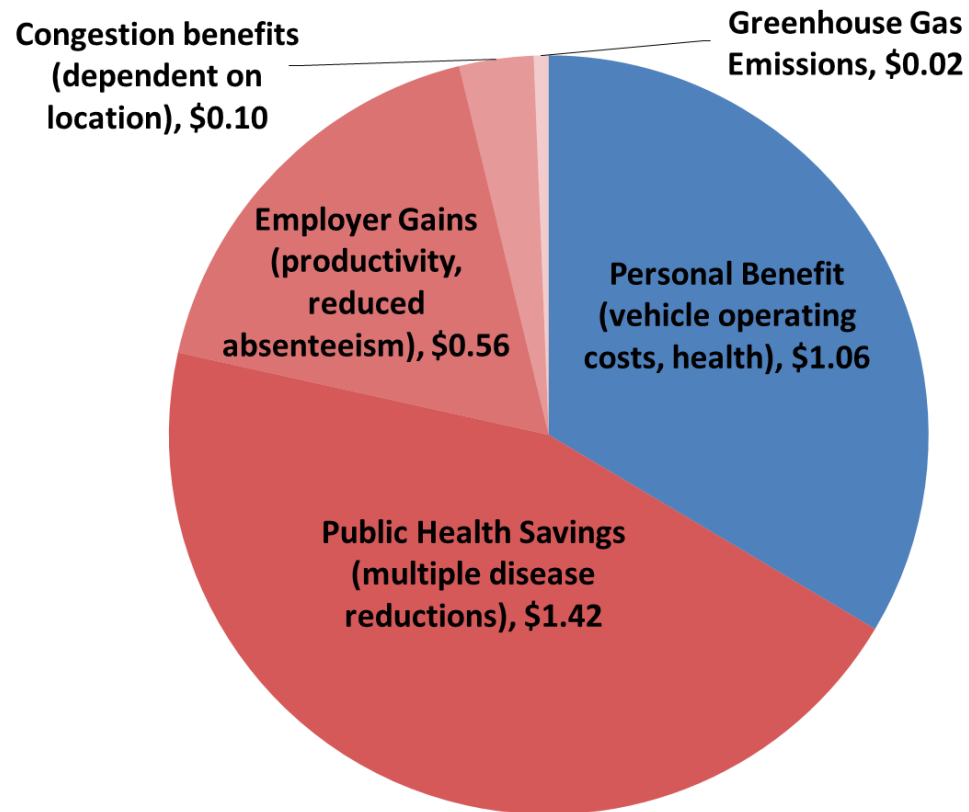
# What about in NZ?

- Similar to Australia
- ~2.2% cycle to work, but high recreational use.
- Physical Inactivity estimated to cost NZ around \$1.7 Billion/year



# Who benefits from cycling?

Estimated savings from each extra kilometre cycled = \$3.16/km



# Hypothetically...

- Offer 1,000 employees the scheme for one year (\$0.36/km)
- Assume cyclists rise from 22 to 47.
- Cost: \$38,700 (ave. \$820/cyclist), plus administration costs



# Hypothetically... (cont.)

- 25 *new* cyclists accruing benefits
- Total Social Benefits = \$120,800  
(versus \$38,700 costs)
- In this example, all parties (health sector, cyclists, employers, region, environment) can be better off.

# Likely objections

- What about walkers? The disabled? Would it create 'bike-lash'?
- How would it be administered? Tax complications?
- What happened to personal responsibility, the common good?

# The risks of financial incentives

- Can create change for the wrong reasons (ie. MONEY, not VALUES)
- Markets can crowd out non-market values

*“Paying people for health can back-fire, by failing to cultivate the values that sustain good health” – Michael Sandel*

# Indirect Incentives

- Incentives based on the UK Scheme (tax reduction) avoids these issues
- Tax free urban bikes through employer salary sacrifice.
- Tax loss easily compensated through business gains, health gains etc.

# Conclusions

- Can it be a cost effective way to provide health? ✓
- Is it the right approach to health for the long term? ?? (Trial?!)
- The bigger incentives are important
  - Safe infrastructure (top of the list!)
  - Remove incentives to drive

# Thank You! Questions?

## References

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- The Cost of Physical Inactivity, 2013 (Auckland Council, Waikato Regional Council, Wellington Regional Strategy)

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- <http://www.sportnz.org.nz/managing-sport/research/201314-active-nz-survey-2> (Active NZ survey)
- <http://www.cyclingweekly.co.uk/news/latest-news/french-cyclists-paid-ride-work-125499> (French scheme)
- <http://www.citylab.com/commute/2015/03/the-problem-with-paying-people-to-bike-to-work/388099/> (French results)
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- <http://www.bhfactive.org.uk/research-and-evaluation-latest-news-item/49/index.html> (UK scheme results)
- <http://www.theguardian.com/lifeandstyle/2014/oct/27/half-of-australians-would-cycle-to-work-if-they-were-paid-to-survey-finds> (Australian study)

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