

**Ebike subscription scheme - objectives,
financial models and commercial rollout
proposals for a publicly subsidised
subscription service**

**A report prepared for Waka Kotahi
Hoe ki Angitū Innovation Fund challenge:
“Providing Underserved Communities with
Greater Access to Transport”**

Executive summary

Introduction

This report outlines a business model and commercial roll out plan for a targeted, lower-cost and subsidised ebike subscription service. Big Street Bikers was funded \$98,384 to develop the model from Waka Kotahi's Round 1 Hoe Ki Angitū Innovation Fund under the challenge of providing underserved communities with greater access to transport.

Objectives of the project

Access to an ebike can reduce transport costs, reduce emissions by replacing car trips, and improve health and provides a fun way to get around. However, the upfront and ongoing costs are too high for many people. Leased ebikes give riders security of access to ebikes with no upfront costs.

The objective of this project is to develop a funding and delivery model that make ebikes affordable for users and financially sustainable for a lease provider, by including a government subsidy to reduce the cost for the user. This model provides a transport choice to those currently underserved by public transport and who cannot afford to buy an ebike.

Methodology

We created initial funding and delivery models for government subsidised ebike leases. To design these, we explored alternatives for equitable access to ebikes by reviewing approaches from overseas and amended our model with some learnings. We then tested the model through 38 unstructured interviews with people working on transport equity projects, government representatives, Māori advisors, ebike lease companies, and academics. The feedback from these discussions helped us create the 'building blocks' for a transport equity ebike lease scheme.

We documented the delivery model, by describing the entities involved and their roles and responsibilities.

We created a funding model with two options for a scheme. The model specifies the rate of subsidy, and the subscription service fees to be paid by participants. The Option 1 is aligned with the subsidy provided for public transport and the second option has an extra tier to provide for those on a middle income. The model is a 'public sector comparator' and is not a full business model. It is intended to provide possible funders or investors a sense of the likely uptake and costs of the proposed options.

We also developed the basic requirements for an app, for the ebikes and suggested some potential trial locations.

Key findings

Under the delivery model, ebikes would be provided by approved Subscription Service Providers. These providers would manage the ebike subscription service: delivering the bike to the customer, providing routine maintenance, insurance cover, and providing accessories required to make riding safe and fun. It is delivered in partnership with Community Activators who are trusted local organisations funded to support communities to make lower carbon transport choices. The model is intended to be flexible, enabling employers to further subsidise employee ebike subscriptions.

Under the funding model there are two design options for a proposed subsidy. These are set out below and are discussed in more detail in the report. The subsidy cost is comparable to the average weekly subsidy for a person travelling, for example, 10km each way five times a week by bus, which is approximately \$20 (including local and central government funding).

Option 1 – aligned with public transport subsidy:

Eligibility	Cost to user	Government subsidy
18–25 year olds and community card holders	\$15 per week	\$34 per week
25s and above who are not Community Service Card holders	\$34 per week	\$15 per week

Option 2 – three tier-based on income (tiers based on Community Service Card holders and those eligible for the government’s cost of living payment):

Pre-tax income	Cost to user	Government subsidy
Community Service Card holders	\$15 per week	\$34 per week
Those earning up to \$70,000 who are not Community Service Card holders	\$24 per week	\$25 per week
Those earning \$70,000 +	\$34 per week	\$15 per week

An employer subsidy could also be provided that would reduce or completely cover the cost to the user.

Next steps

Big Street Bikers will continue to work with Government, local councils and other entities interested in funding or further developing a targeted, lower-cost and subsidised ebike subscription service. We hope to be able to implement a trial of the model. We look forward

to being part of mixed community, public and private sector team to move this concept forward.

A further detailed business case and financial model would be required to test the assessment and conclusions in this report and could be prepared based on information gathered during a trial.