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Infrastructure New Zealand Chief Executive Calls for Queenstown Bed Levy

We are rightly proud of Queenstown. It's the jewel in New Zealand's tourism crown, the reason millions of visitors fall in love with our country and the image that so often defines our nation to the world. But pride alone doesn't pay for pipes, roads, or clean water. If we truly value Queenstown and what it represents for our economy, we need to back that pride with practical support. And that means dollars.

Not handouts, but access to fair, locally driven revenue tools that let high-pressure tourism communities keep up with the infrastructure demand that success creates. A modest bed levy, collected locally, is one of the simplest and fairest ways to start.

Queenstown is performing extraordinarily well for Aotearoa. International arrivals are now well above pre-Covid levels, and the town's popularity shows no sign of slowing. But with that success comes strain. On housing, on roads, on energy and water systems, and on local affordability.

The truth is, "tourism infrastructure" isn't just about car parks and toilets, even though those are the images governments like to invoke. It's the same infrastructure locals rely on every day - three-waters networks, transport corridors, energy systems - stretched to breaking point by seasonal peaks that double or triple local population overnight. Queenstown, Rotorua, Northland, and Auckland are all examples of communities carrying national economic weight on local shoulders.

Too often, the national conversation about tourism infrastructure gets bogged down in rat-and-mice issues like freedom camping and public toilets. Those are solvable problems, but they shouldn't dominate the debate. The real issue is ensuring the communities enabling New Zealand's \$40-billion-a-year visitor economy can invest in the basics that make the experience work for everyone, visitor and resident alike.

In Queenstown's case, it is estimated around 30 percent of all new infrastructure investment is directly tied to tourism-related demand. Wastewater, stormwater, and water supply systems are built to cope with peak visitor loads. Over the next decade, that's likely more than half a billion dollars in costs of upgrades and investment, which is an enormous burden for a district whose ratepayer base is small and already stretched. It's neither fair nor sustainable to expect locals to shoulder that alone.

At present, councils can only charge for the services they directly provide. That leaves them without the financial tools to target the part of the system that isn't paying its fair share. A locally collected bed levy or service charge is one logical solution. It's widely used across the world and accepted by travellers who encounter it at almost every other destination.

It needn't be complicated: a small per-night charge on accommodation, collected at checkout, ring-fenced for local infrastructure and environmental improvement. It doesn't go through central government coffers, and it doesn't discourage visitors. Most international tourists would barely notice it; they're used to paying similar levies in cities from Paris to Vancouver.

Alternatively, we could look at how to better recycle the GST that tourism generates. Queenstown's visitor economy produces a massive GST take for Wellington. Revenue that is generated in but then leaves the district and never returns. Returning even a portion to the communities bringing the earnings into New Zealand would create a direct, transparent link between visitor activity and the infrastructure that sustains it.

Public money alone won't be enough. We need to line up private capital - including Iwi investment - to help deliver the infrastructure and facilities that underpin the tourism supply chain, including more local and visitor accommodation. Yet, despite years of dialogue dating back to the days of John Key's Government, there's still no coherent investment package for the tourism sector.

The Prime Minister's recent investment summit was positive because it outlined the infrastructure projects New Zealand has on offer in future years, for the international investment and delivery market. Perhaps we need a similar consideration for our tourism sector and properly define the problems we're trying to solve, identify the pipeline of opportunities across the country, and create vehicles for private and Iwi capital to partner with government and councils. That might mean using the Overseas Investment Office or a dedicated tourism infrastructure fund to fast-track well-designed, sustainable projects.

Other countries have long recognised property rates alone can't sustain tourism-heavy towns. From visitor levies in Europe, to value-capture models in Asia, to public-private partnerships in North America, there's a world of proven mechanisms available. Some destinations even issue "tourism bonds" or operate special tourism improvement districts, where levies are reinvested locally in beautification, safety, and infrastructure.

New Zealand already has a version of this in the International Visitor Conservation and Tourism Levy, recently raised to \$100 per visitor. But it's applied nationally and not directly visible in communities like Queenstown that shoulder the front-line impact. We need to go further and devolve part of that funding - or create parallel local streams - so benefits are felt where the costs are borne. Once again, the highly centralised New Zealand Government structure often leaves communities carrying the can. Transport gridlock, infrastructure failure, or unaffordable housing all chip away at Queenstown's social licence to host millions of visitors each year. When locals start to resent tourism, everyone loses. The same roads and pipes that serve

tourists serve residents; maintaining and upgrading them is an investment in both quality of life and economic resilience.

Queenstown isn't just another town. It's a national icon, the postcard image of who we are and how we present ourselves to the world. But without action, that image is at risk of being tarnished by congestion, water restrictions, or a frustrated local community. It's time to stop kicking the Queenstown can down the road. Let's equip our tourism heartlands with the tools to fund their own future, because the prosperity they generate belongs to all New Zealanders.

Yours sincerely

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