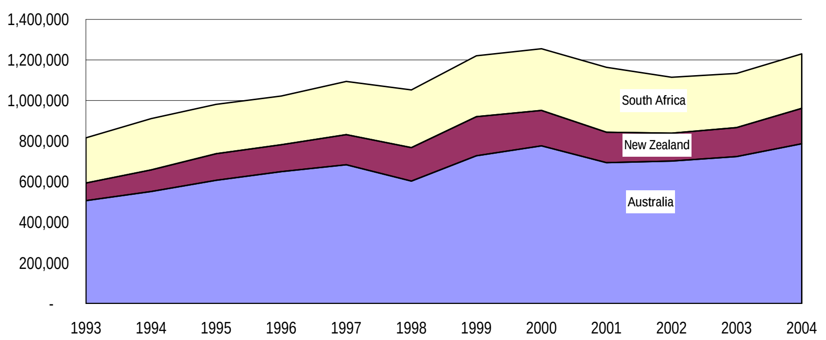
FORESIGHT
Issue 24 October 2005

FORESIGHT is a monthly commentary on significant issues within the tourism sector. Each month "Market Focus" discusses economic, social and political factors that underlie demand for tourism now and in the future. In addition, a spotlight is focused on a significant tourism issue. This month Market Focus covers Australia, New Zealand and South Africa. As we prepare for the end of British summertime Issue of the Month considers the potential impact on the tourism sector of any future decision to fall in line with Central European Time.

Market Focus – Australia, New Zealand and South Africa

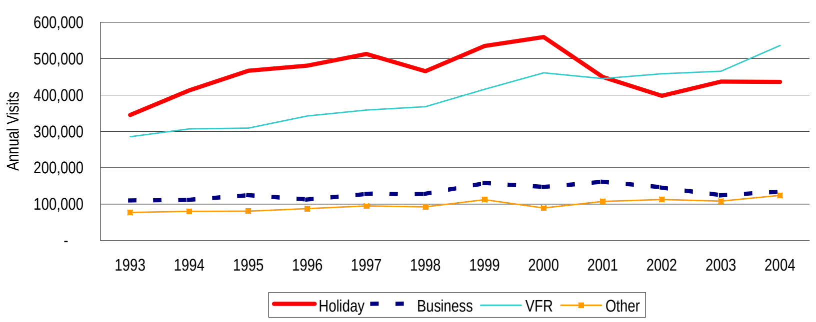
These three southern-hemisphere primarily English speaking markets generated more than 1.2 million inbound visits to the UK in 2004, or 4.4% of all inbound visits[1]. With an average length of stay in excess of two weeks the three markets accounted for 8.6% of all inbound visitor nights, and more importantly an average spend per visit of £726 meant that the share of overall inbound visitor spend coming from these three markets stood at 6.8%.

Total Visits



The chart highlights the respective importance of each market in terms of visitor numbers. Australia is still the dominant market, but New Zealand has seen the strongest overall growth, doubling in size since 1993.

Visits from Australia, New Zealand and South Africa by Journey Purpose



From the second chart we start to get a picture of which types of trips have been spearheading growth. Business and "other purpose" trips have remained fairly steady over the period, but with Holiday trips yet to fully recover from the declines suffered in 2001. However, with an increase from under 300,000 annual trips to more than ½ million in just eleven years it is trips to visit friends and relatives that have been the locomotive behind recent growth.

The UK is the most visited overseas destination for Australians according to figures from Global Insight, closely followed by New Zealand. For outbound travel from New Zealand the UK comes second to Australia. Unlike Australia and New Zealand South Africa has land borders with other nations, but nevertheless the UK is estimated to be the second most visited foreign destination.

Born there but living here

New analysis conducted by the Institute for Public Policy Research enables us to explore the number of foreign-born British residents currently living in Britain. The table clearly highlights the increasing popularity of Britain, and especially London, as a place to live for those born in each of the three markets covered this month. Overall there are more than 300,000 Australians, New Zealanders and South Africans living in Britain, with nearly 115,000 of these living in London.

Country of Birth	2001		Growth since 1991	
	Britain	London	Britain	London
Australia	106,404	41,491	+45%	+78%
New Zealand	57,916	27,493	+41%	+50%
South Africa	140,201	45,507	+106%	+144%

The high concentrations of nationals from these markets currently resident in Britain will be one of the factors contributing to the fact that the share of inbound visits in 2004 that were to visit friends and relatives was 43% for those coming from Australia, 49% from New Zealand and 42% from South Africa. These figures compare with a global average for inbound visits to the UK to see friends or relatives of 28% in 2004.

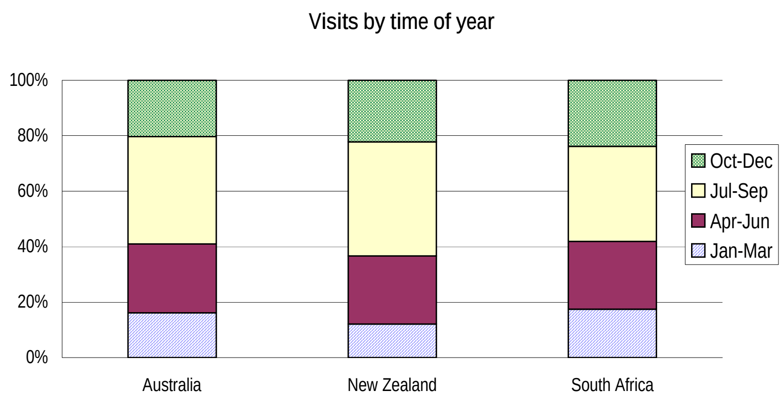
Sport

Sport features high on the national agenda in each of these markets. The tight Ashes series has ensured extensive media coverage for England in recent months in Australia. The focus will shift from cricket to Rugby Union this autumn, with Australia, New Zealand and South Africa all touring in the UK during November including matches against England, Wales and Scotland.

In 2002 questions were included in the IPS asking whether inbound visitors watched a sporting event or took part in an amateur sporting event during their visit. Figures show that overall 6.8% of inbound visits featured either watching or participating in sport, but for visitors from Australia, New Zealand and South Africa the figure was somewhat higher at 8.3% of visits.

Seasonality

July to September is the favoured time for visits to Britain, especially from New Zealand. It is perhaps no coincidence that this period coincides with the southern hemisphere winter. Less than one-in-six visits take place between January and March.



Australia

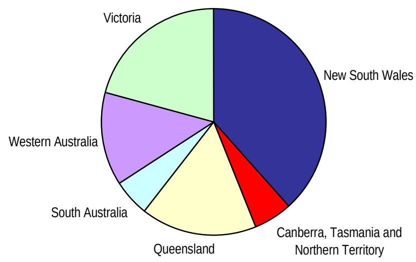
The number of passports issued to Australian citizens (living both in Australia and abroad) regularly exceeded one million per annum in the 1990s, reaching 1,450,000 in the year ending 31 March 2000. However, the Australian Department of Foreign Affairs and Trade notes that after the events of 11 September the number of passports issued in the year ending 31 March 2002 had fallen back to 986,316.

According to the Economist nearly 150,000 job vacancies in Australia cannot be filled due to lack of suitably skilled workers, one of the reasons for the Australian government redoubling its efforts to attract increased immigration by skilled professionals. Economic growth remains healthy, supported by rapid expansion in the mining and construction sectors, along with high levels of business investment. Nevertheless one cloud on the Aussie horizon is a slowing in the growth rate of consumer expenditure.

The most recent data published by the Australian Bureau of Statistics shows that the labour market remains healthy, with 3.6% more Australians in employment in August 2005 compared with a year earlier, and unemployment remaining steady at 5.0% of the labour force.

Home State

The pie chart shows us the home State of visitors to the UK during 2004 (those not giving details of their home State are excluded) – there are no great surprises here with the distribution closely mirroring that of the resident population within Australia. New South Wales is by far the State generating the most visits to the UK. Sydney (NSW) and Melbourne (Victoria) enjoy the greatest connectivity with Britain, although it is possible to reach London with just one plane change from all State capitals apart from Hobart.



New Zealand

A general election on 17 September brought no majority winner, the incumbent Prime Minister, Helen Clark, won 50 seats but the main opposition party won 49 seats. Both parties say they will try to form a coalition government with minor parties. New Zealand's economy has remained fairly healthy over recent years with latest figures showing the economy expanding at around 4% per annum and an unemployment rate of 3.7%. The IMF are forecasting a gradual slowing in economic growth over the coming eighteen months.

Nearly one-in-seven visits to the UK from New Zealand include some time spent in Scotland, with around 10% of New Zealand visitor spend accruing north of the border in 2004 (with 2% in Wales). However, London features in nearly 60% of all visits from New Zealand, but captures just 30% of New Zealand visitor nights and 40% of visitor spend.

South Africa

Low interest rates have resulted in a surge in the amount of private sector borrowing according to recent figures released by the South African Reserve Bank. In the twelve months to July borrowing increased by nearly 24% compared with a year ago. There is a risk that inflation might be fuelled by both the growth in consumer spending and by record high oil prices, but the latest IMF forecasts are that inflation will average 4.5% during 2005, increasing marginally to 5.0% in 2006.

There has been a rash of industrial disputes in South Africa lately, with a gold mining strike and a strike at South African Airways both having caused significant disruption, although settlements have now been reached.

Trade links between South Africa and the UK are strong, with the UK being South Africa's leading export market and second largest supplier of imports. In 2004 figures from the International Passenger Survey suggest that a fifth of all visits and a quarter of all visitor spend from South Africa were accounted for by business trips.

Current outlook

Provisional IPS figures for the first half of 2005 suggest that the number of visitors from all three markets to Britain is up significantly compared with the same period of 2004. If something approaching these growth rates can be maintained for the remainder of the year we will see record numbers of visitors from all three markets during 2005. With additional capacity on air routes from Australaisia to Britain via China a strong possibility during 2006 longer-term prospects remain upbeat.

Issue of the Month – Daylight Saving

Towards the end of the 18th century Benjamin Franklin in the USA came up with an idea that would allow the population to enjoy more of the longer hours of daylight that summer evenings provided by altering the time by an hour. He observed that during the summer nobody was up and about when the sun rose very early in the morning, but its setting brought an end to much outdoor activity well before people were ready to retire for the night.

It was not until the First World War that the idea was formally adopted, in the first instance by Germany, as a means to cut energy costs, with Britain adopting British summertime for the first time a year later. Several dozen nations, primarily in the northern hemisphere, now engage in the ritual of putting clocks forward by one hour at the start of summer and back again at the onset of winter.

The efficient use of energy, road accidents and agriculture are just three areas to consider in any over-arching debate about the pros and cons of any change to the current system of time in Britain, but here we focus solely on the tourism sector and how it might be changed if Britain were, in effect, to adopt Central European Time (GMT+1 in winter, GMT+2 in summer).

History

At present the UK operates on Greenwich Mean Time from late October through to late March and on British summertime (GMT+1 hour) during the rest of the year. This necessitates putting the clocks forward by one hour at the end of March, and putting them back by one hour at the end of October. During the Second World War Britain operated on GMT+1 during the winter and GMT+2 in the summer, but returned to the current arrangement in 1947. A three-year experiment whereby the clocks were set to GMT+1 throughout the year began in 1968 but its continuation was blocked by MPs at the end of 1970.

More recently Nigel Beard MP introduced the "Lighter Evenings Bill" in the House of Commons as a Private Members Bill last year, proposing that England and Wales adopt GMT+1 in winter, GMT+2 in summer (Central European Time), and, furthermore, that the matter of setting time be devolved to both the Scottish Executive and Northern Ireland Assembly. Sharing the same fate as many a Private Members Bill there was insufficient parliamentary time for the Bill to receive a second reading.

From Dawn 'til Dusk

Any decision to adopt Central European Time (GMT+1 in winter, GMT+2 in summer) would not change the amount of daylight we experience, but the time of day that the sun would rise and set. Regardless of the time of year the further west one is within any given time zone the later will be sunrise and sunset relative to a place at the same latitude further to the east, whereas latitude (how far north or south one is) determines the relative length of day – in summertime days become longer as you travel north (within the northern hemisphere) whereas in wintertime the days become shorter the further north one goes.

The following table shows sunrise and sunset times in a number of UK cities for midsummer and midwinter under our current system, and were Britain to adopt CET.

	Situation at Present				Situation if UK adopted CET			
	Midsummer		Midwinter		Midsummer		Midwinter	
City	Sunrise	Sunset	Sunrise	Sunset	Sunrise	Sunset	Sunrise	Sunset
London	4.43am	9.21pm	8.04am	3.54pm	5.43am	10.21pm	9.04am	4.54pm
Plymouth	5.05am	9.32pm	8.15am	4.15pm	6.05am	10.32pm	9.15am	5.15pm
Edinburgh	4.27am	10.03pm	8.43am	3.41pm	5.27am	11.03pm	9.43am	4.41pm

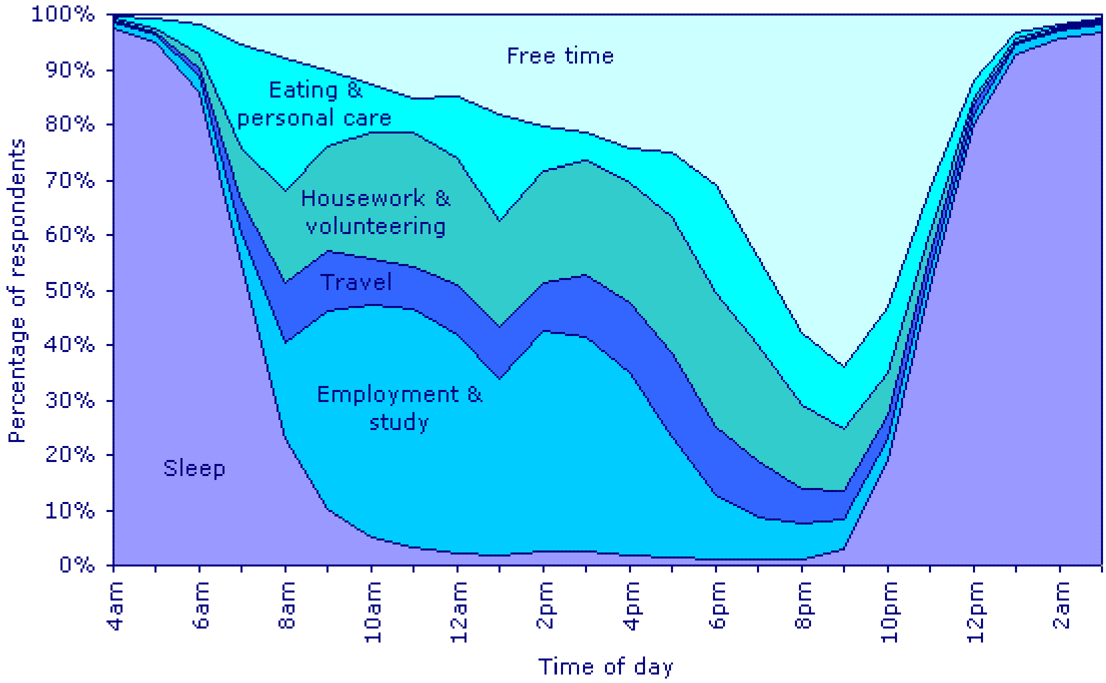
From these times it is apparent that not too many people would notice the change on summer mornings if the UK adopted CET, with all parts of the country enjoying more daylight on summer evenings, with sunset not falling until well after 10pm, and in Scotland until after 11pm. Under CET during midwinter there would be more of an impact on people's daily lives, with even the extreme southeast of the country not seeing the sun above the horizon until after 9am, and in Scotland sunrise would be close to 10am.

Clearly a change in the clocks would not just impact on the time of dawn and dusk at midsummer and midwinter – for example sunset in London at the start of April would move from being just after 7.30pm to just after 8.30pm, sunset in Edinburgh in mid October would move from 6.15pm to 7.15pm, but sunrise would not be until 8.45am. As such a change to CET would have the potential to encourage more holiday taking in the spring and autumn with visitors (both domestic and inbound) being able to undertake outdoor activities until later in the evening.

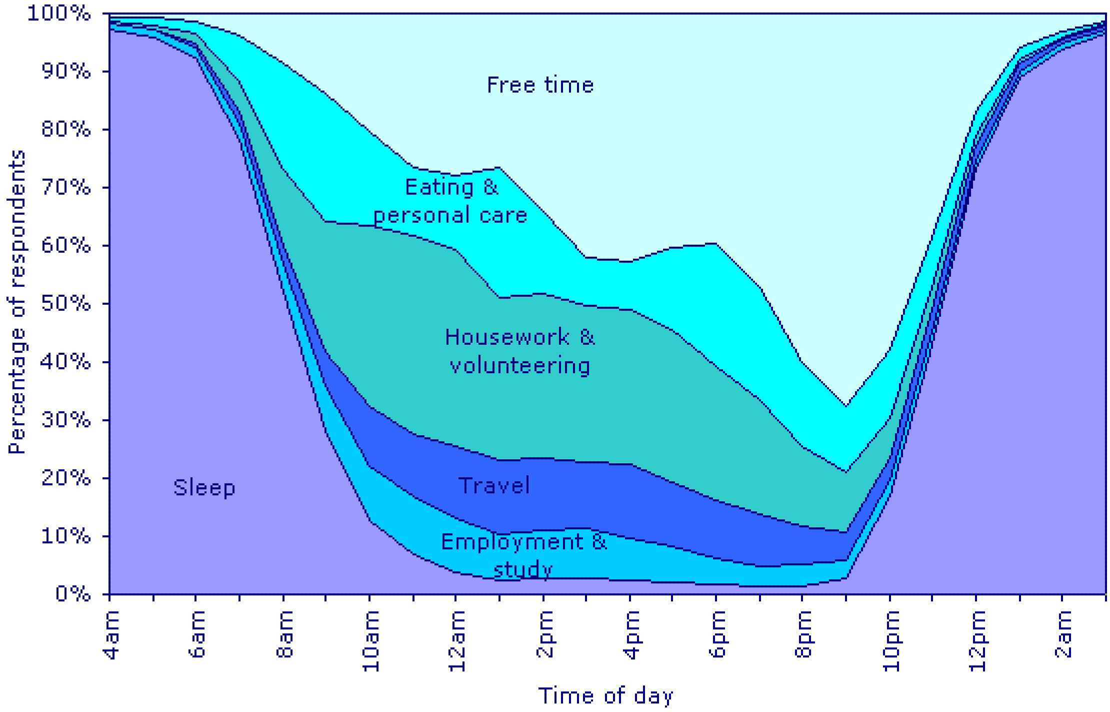
What British people do, and when they do it

The following charts, taken from the UK 2000 Time Use Survey, tell us a lot about the times of day that people (the survey covered those aged over 16 only) undertake different types of activity, on both a typical weekday and a typical weekend day.

Activities Undertaken on a Typical Weekday



Activities Undertaken on a Typical Weekend Day



It can be seen then that it is during the evening that the largest proportion of the population enjoy "free time", with this being especially the case on weekdays – as one might expect earlier times of day at the weekend see large numbers enjoying free time, but even on Saturdays and Sundays it is the evening during which most people are not undertaking more mundane activities.

This is convincing evidence that extra daylight during summer evenings could prove highly beneficial to the British tourism industry, and of how correct Benjamin Franklin was in his assertion that the majority of people simply slept through the hours of extra morning daylight that summertime brought. Back in 1992 the Policy Studies Institute estimated that the adoption of CET in Britain would generate over £1bn for the tourism industry, effectively adding nearly 2% to the total value of the UK visitor economy.

Sports tourism is one area that would receive a significant boost from adopting CET. Twenty20 cricket has proved an enormous success at attracting new interest in the game by utilising the warmth and daylight of summer evening - an additional hour of daylight throughout the cricket season would enable a potential expansion in the number of venues supporting such games.

Airline slots

Airlines need to purchase take-off and landing "slots" at airports, with the cost of slots broadly reflecting the overall value of serving the airport and the exact time of day that the slot is required. By changing the time in Britain relative to the rest of the world won't alter the absolute "elapsed" flying time to reach the country, but it will impact scheduled arrival and departure times. Airlines already cope with this on long-haul routes between countries that have different relative times over the course of a year, for example Britain is seven hours behind Hong Kong between March and October, but eight hours behind during the remainder of the year. A plane arriving during the British winter in London at 6.30am currently departs

Hong Kong at 1am – under CET either the plane would now not arrive until 7.30am or need to depart Hong Kong, and any originating airport in Australasia, an hour earlier. Clearly planes travelling away from the UK that retain their present departure slot would arrive at their destination an hour earlier than is presently the case.

Short-haul Business tourism

At present the first flight of the day from Paris Charles de Gaulle to Heathrow departs the French capital at 7.30am, arriving in London at 7.50am as the passengers onboard all put their watches back by one hour. In the other direction the first flight to Paris departs at 6.20am but arrives in Paris at 8.25am. The implication of this is that, all other things being equal, if a company is deciding whether to hold a one-day business meeting in either its London or Paris office London has what we might call a "time advantage". Those travelling from France face a much more reasonable start time for reaching London by 9am UK time than would be the case for those waking up in London needing to be in Paris by 9am French time.

So, if Britain fell in-line with CET there is no "time gain" to be had by holding the meeting in London rather than Paris and some short-haul day-trip business visits may be lost from the UK. To counter this pessimistic thought it could be that Britain being in synch with the rest of central Europe could act as a stimulus to business and trade in general, thereby increasing the total volume of business visits, both inbound and outbound.

Options

In addition to sticking with the status quo Britain could opt for GMT in winter but double summertime in summer, however this would require a two-hour clock change twice a year. Another possibility would be reverting to the 1968-71 experiment under which the clocks are permanently set to GMT+1 throughout the year. Under this scenario Britain would be in-line with nearby European countries during winter, but an hour behind during the summer, but the tourism industry would not gain from any additional summer evening tourism activity as the sun would still be setting at the same time it does now during summer.

Deliberations

Altering the time would impact not just on tourism, but also on agriculture, road safety, levels of crime, energy usage and much more. A decision to change the current system would require a careful assessment of the wider socio-economic impacts, but there seems very little doubt that Britain's tourism industry would receive a significant boost from lighter summer evenings and VisitBritain wholeheartedly supports the idea.

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