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HARSH BUDGET CUTS MUST BE BALANCED BY DEREGULATION

Deep spending cuts in Tuesday's Budget must be balanced by a concerted effort to stimulate business if soaring unemployment is to be pre-empted, Britain's turnaround and recovery specialists are warning.

The expected increases in taxes, particularly VAT, and the prospective loss of thousands of public sector jobs will have a deep consequential impact on consumer spending, says TMA (UK). Added to that will be the adverse effect on the private sector of the anticipated axing of many Government and local government contracts, many of the contractors having relied on the public sector for their very survival.

"We appreciate the need for austerity measures to maintain market confidence and keep interest rates down," said TMA (UK) Immediate Past President Tyrone Courtman of Leicester-based Cooper Parry.

"But if the private sector is to have any hope of taking up the slack, then the Government absolutely needs to match spending cuts with an equal commitment to encouraging private enterprise.

"And given Chancellor George Osborne's limited financial room for manoeuvre, all Government departments must show a ruthless determination to cutting costs and ripping up red tape."

Mr Courtman said businesses had faced soaring administrative costs thanks to the former Government's desire to command and control from the centre and had had to invest significant resources in terms of staff tied up in negotiating increasingly complex and onerous legislative minefields in areas such as planning, employment, pensions, health and safety, and environmental health.

"These are not trivial matters," he warned. "For a distressed business struggling to implement a recovery plan the costs associated with ensuring compliance, to say nothing of the weeks and months it often takes local councils to process straightforward applications, can literally be make or break. Combined with working in a global market where many competitors have no such obligations, for many businesses it's like trying to compete in a 100-metre sprint with your lane full of treacle.

"Ministers are going to have to be very tough to force radical changes on the very departments that came up with these regulations in the first place, but if business is to have a chance to play its part in the recovery these challenges have to be tackled quickly and resolutely.

"We don't want them to throw the baby out with the bathwater – we just want room to breathe!"

• *How will Mr Osborne's emergency measures affect businesses in recovery? TMA (UK) will be issuing its response immediately after Tuesday's Budget.*

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continuation sheet

Notes to Editors:

TMA (UK) represents all professionals involved in turnaround, recovery, reconstruction, refinance and change management. Uniquely, TMA (UK) membership embraces professionals from a variety of backgrounds including accountancy, law, banking, insolvency practice, Credit Insurers, Employee representatives, Valuers and change management. TMA (UK) has 13 regions, and members network extensively at both national and regional level, building up essential contacts among different disciplines.