

Embargoed until 00:01hrs  
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Chancellor urged to get a grip on public sector waste

The Chancellor was today urged to clamp down on burgeoning public sector costs in his forthcoming Budget to ease the UK's ever-increasing tax burden. The call came from the Institute of Directors (IoD) in its written submission to the Treasury ahead of the 17 March Budget.

Graeme Leach, Chief Economist at the IoD, said:

"We continue to be relatively optimistic about the outlook for the UK and world economy over the coming year, but this shouldn't distract us from underlying problems. Large increases in public spending and taxation are pencilled in for many years to come, but these resources are not affordable and are not being used as efficiently as they could. "

The IoD's Budget representations point out that:

- \* Between now and 2008 the tax burden is projected to rise by a further 2% of GDP - double the increase since 1997.
- \* Over the 1997-2006 period public sector employment looks set to rise by at least 650,000. In the unlikely event that current growth rates are maintained beyond 2006, public sector employment (excluding nationalised industries) will exceed 1979 levels before the end of the decade.
- \* HM Treasury projections of 3% to 3.5% GDP growth both this year and next, appear optimistic. Potential interest rate rises make it difficult to believe GDP growth could be as strong next year. The IoD forecasts 3% UK GDP growth in 2004 and 2.6% GDP growth in 2005.
- \* Fulfilment of the Golden Rule (to balance the current budget over the economic cycle) is looking more and more difficult - it is wafer thin.

Graeme Leach, said:

"Last year general government expenditure rose by almost 11% in cash terms but only 2% after adjusting for public sector inflation. Public sector productivity needs to move up and public sector inflation needs to come down."

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For a copy of the full budget submission please contact the IoD Press Office on 020 7451 3264, [press@iod.com](mailto:press@iod.com)

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#### Notes to editors

1. The IoD (Institute of Directors), founded by Royal Charter in 1903, is a non-party political organisation with upwards of 54,000 members in the United Kingdom. Membership includes directors from right across the business spectrum - from media to manufacturing, e-business to the public and voluntary sectors. Members include CEOs of large corporations as well as entrepreneurial directors of start-up companies.
2. The IoD offers a wide range of business services which include business centre facilities (including six regional centres), conferences, networking events, issues-led guides and literature as well as information services and free access to a comprehensive business library and enquiry service. The IoD places great emphasis on director development and has established a certified qualification for directors - Chartered Director - as well as running specific board-level and director-level training and individual career mentoring programmes.
3. In addition, the IoD provides an effective voice to represent the interests of its members to government and key opinion-formers at the highest levels. These include ministers, constituency MPs, Select Committee members and senior civil servants. IoD policies and views are actively promoted to the national, regional and trade media.
4. For further information, visit our website: [www.iod.com](http://www.iod.com)

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