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irfa dispatch

THE RETIREMENT INDUSTRY NEWSLETTER

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LOCAL NEWS

Retirement funds must first attempt to resolve disputes internally

Complaints to the Office of the Pensions Funds Adjudicator (OPFA) will only be investigated after the retirement fund concerned has been given the opportunity to resolve the complaint directly with the complainant. If the complaint has not first been lodged with the retirement fund concerned, the OPFA will submit the complaint to the retirement fund on behalf of the complainant. In the event that the complaint has not been resolved to the satisfaction of the complainant within a period of 30 days, only then may the complainant register a complaint with the OPFA. This process which will be implemented from 1 September 2020 is something that various funds have long been calling for.

Pension Funds Adjudicator Muvhango Lukhaimane said the OPFA often receives complaints which have not first been lodged with the retirement fund or administrator in order to allow the retirement fund or administrator concerned an opportunity to attempt to resolve the matter internally before requiring the OPFA to investigate the complaint and make a determination on any issues that may remain in dispute. "Having due regard to representations that have been made to the OPFA regarding the interpretation of section 30A(1) and (2) of the Act, as well as the principles that financial institutions must abide by in relation to their obligations to treat customers fairly, the OPFA has formed the view that it would be in the best interests of all stakeholders, especially members of retirement funds, that the retirement fund concerned be given the opportunity to resolve the complaint directly with the complainant.

"In the event that the complaint is not resolved to the satisfaction of the complainant within a period of 30 days, the complainant may register a complaint with the OPFA," she said. However, if the OPFA is of the opinion that a complaint may become time-barred in terms of section 30I of the Act if the full period of 30 days is afforded to the retirement fund or administrator to resolve the complaint, the OPFA will shorten the period that the complaint may be resolved internally in terms of section 30A(4) of the Act.

FA News | 19 August 2020

Retirement planning in the time of Covid-19: New retirement tools helping South Africans navigate a smoother retirement

South Africans close to or at retirement are extremely vulnerable to financial shocks or setbacks. However, they also seem to be amongst the least supported when it comes to financial advice or assistance. This is according to Quaniet Richards, Head of Institutional at Nedgroup Investments who undertook extensive engagement with people approaching retirement in South Africa last year. "The choices made in the few years before retirement are probably amongst the most important and impactful decisions a person will ever make.

And yet, prospective retirees told us that they have significant concerns about making the right decision when it comes to investing their retirement savings. Furthermore, they don't feel that they have the right support to help them," he says. The biggest knowledge gap that needs to be addressed, according to Richards, is to help people close to retirement decide how to allocate their formal retirement savings. Traditionally, this is a choice between either a living annuity or a life annuity. "This is not an easy or simple decision and should be considered with one's individual financial circumstances, risk factors and desired outcomes in mind.

We have found that while most people are aware of the options at retirement, they lack a detailed understanding of how their decision could affect them in the years to come. We also found that many people did not feel comfortable with either option. This uncertainty is contributing to high levels of anxiety regarding their financial situation after retirement," says Richards. To address this need, Nedgroup Investments recently launched its MyRetirement Solution – a solution that helps retirees to plan for retirement. It includes a digital tool to visualize outcomes, a retirement coach and an innovative new living annuity product.

The MyRetirement Solution uses a world-class algorithm which provides prospective retirees with a clear and comprehensive retirement action plan for their formal retirement savings. "The algorithm is supported by a retirement coach that assists retirees in navigating the tool – not only on retirement but also annually as retirees' circumstances change. The human touch is still extremely important to this group of people – now more than ever - and we didn't want to lose that," says Richards. Nedgroup Investments also identified the need for a retirement solution to address the most typical concerns and limitations of traditional annuities. MyRetirement Solution uses an algorithm to recommend one of three annuities - a living annuity, a life annuity or the innovative new 'Living Annuity Plus'.

The Living Annuity Plus effectively offers retirees the best of both worlds, providing the security of an income that last longer while still allowing annuitants flexibility to select their income and enabling provision for an inheritance. Another key consideration when creating the MyRetirement Solution was the need to keep costs as low as possible in order to maximise the amount of members' savings that are available to provide them with an income – so the effective annual cost (EAC) of the solution is very competitive. Richards says the fact that the tool is available online has made it increasingly popular with prospective retirees as a result of the Covid-19 lockdown. "There is much more appetite for online interaction now and tools like this will go a long way to helping retirees make better, more informed decisions," he says.

FA News | 19 August 2020

ANC’s proposals to change Reg 28 ready by mid-September

‘If there are amendments, it will not include prescription’ – Godongwana.

The ANC plans to formulate an official policy regarding amendments to Regulation 28 by mid-September. If there are amendments, it will not include any prescription. This was the message from Enoch Godongwana, the head of the ANC’s economic transformation subcommittee on RSG Geldsake on Tuesday night. “We hope that by mid-September we should have direction as to whether we’re going to have any amendment in Regulation 28. Mind you, such an amendment will not be a prescription. We will watch what form that amendment will take, what objectives it is intended to achieve. That is the precise outcome we intend to have by mid-September,” he said.

He emphasised that the original resolution adopted at the ANC’s Nasrec conference in 2017 called for the investigation of prescription. “There is significant misinformation in the market and we are saying, the resolution of the conference says we must explore prescription, but prescription will only apply where there’s attractive investment and people do not want to invest for whatever reason. “At the moment, the conditions are such that where the infrastructure is attractive for investment, people invest and there will be no need for prescription.” The retirement industry, and many individuals in the financial services industry, has reacted extremely negatively to the prospect of prescribed assets.

In response to a question as to why there is such negativity in the market, Godongwana blamed the media for spreading misinformation. “The negative prospects of prescribed assets are not a product of our own making. There are a lot of statements which are attributed to us by you as journalists which are not our statements. Therefore they serve to generate negative perceptions.” As examples he cited newspaper reports which claimed the ANC wanted to use pension funds to capitalise the state bank. “There’s no such statement from the ANC. There was also not a statement that we want to bail out failing state entities. We’ve never said that [on] a single day.

“So journalists create stories and therefore build this negativity around the issue.” However, it is not only media reports that have suggested the ANC intends to implement prescriptive policies. The Democratic Alliance (DA) recently published a press release related to a leaked draft ANC document headlined: ‘Asset Prescription: The ANC is firmly committed to economic insanity’. The document proposes to “Amend Regulation 28 of the Pension Fund Act in order to increase the access of the Savings of South Africans to fund long-term infrastructure and capital projects, as a result increase the availability of funds to DFIs and financial intermediaries at a reasonable rate of interest.” The DA labelled this as “ANC-speak for forcing pension funds to lend money to SOEs [state-owned entities] and other development finance institutions (like the Land Bank – which recently defaulted on its own debts, and a future State Bank, which the document also proposes).”

Consultation

Godongwana emphasised that the final policy decision will be "a product of engagement", adding that the ANC is in discussion with the Association for Savings and Investment (Asisa) regarding the possible amendment of Regulation 28. "They've (Asisa) responded to our proposal, our discussion on Regulation 28. By July 24 we had already had a response from them. So there's a discussion with industries and with affected parties; there's no panic and negative perception among them." Moneyweb approached Asisa for comment, but a spokesperson said Asisa will only respond after a meeting with the ANC regarding the document submitted to the ANC on 24 July. However, Asisa has previously stated publicly that it is opposed to the principle of prescribed assets. *Full Report:* ***https://www.moneyweb.co.za/news/economy/ancs-proposals-to-change-reg-28-ready-by-mid-september/***

Moneyweb | 19 August 2020

INTERNATIONAL NEWS

Pension Assets Estimated to Grow by 8.5% in 2020

The Nigerian Pension Industry ('the Industry') has evolved over the years from one with predominantly public sector participants running a defined benefit scheme to a mandatory defined contribution system for all government and private-sector employees in the country. The 2004 pension reform redefined retirement planning in Nigeria and led to a significant boost in the number of enrolees and the size of managed assets in the Industry. As at 31 December, the Nigerian Pension Industry's assets under management stood at ₦10.2 trillion (or $28.3 billion at US$1= ₦360) as at 31 December 2019, representing an 18.6% growth from the ₦8.3 billion recorded at the end of 2018 and a 17.2% compound annual growth rate over the last five years.

Growth in managed assets has been increasingly driven by investment returns rather than additional contributions over the last five years, according to Agusto & Co's 2020 Pension Industry Report. Specifically, 63.4% of growth was attributable to investment returns earned on managed assets with the outstanding 33.6% representing net annual contributions in the last five years. Going forward, Agusto & Co expects a considerable slowdown in AuM growth driven by lower contributions as unemployment is expected to rise significantly given the weakened macroeconomic environment following the COVID-19 pandemic. Job losses are expected to trigger higher benefit withdrawals as disengaged enrolees seek access to the 25% lump sum drawings permitted by PenCom regulations for employees out of work for more than three months.

Investment performance is also expected to fall considerably in line with the lower yields on government securities, which account for over 70% of the Industry's asset allocation. Nonetheless, we note positively the favourable demography of enrolees, which has over 73.8% below the age of 50 indicating relatively low expectations of liquidity events such as lump- sum payments, annuities and programmed withdrawals. We expect AuM to continue to grow albeit at a much slower pace of 8.5% in 2020 and rising to 12% in 2021, which is well below the compound annual growth rate (CAGR) of 17.2% over the last five years. Despite the notable strides in pension reforms and double-digit average growth in the last five years, Nigeria continues to lag behind some emerging markets in terms of pension penetration, with a pension AuM to GDP ratio of 6.8%. The Industry's AuM to GDP ratio falls below those of Kenya and South Africa with 13.2% and over 120% respectively but compares well with Ghana's 5%. The weak pension penetration has been due in part to the previous exclusion of Nigeria's informal sector (which accounts for an estimated 65% of GDP) and the low compliance rate of eligible organisations.

Nonetheless, we note increased efforts by the Commission to ensure compliance and drive enrolee participation. Most notable is the micro pension scheme (MPS). The micro pension scheme allows previously excluded self-employed persons and organisations with less than three persons to participate in the contributory pension scheme under more flexible rules. We remain unconvinced by the structure of the scheme for informal sector operators, given that compliance is optional and prior lessons from the National Health Insurance Scheme indicate voluntary compliance is unlikely to yield significant levels of enrolment.

Agusto & Co's 2020 Pension Industry Report provides detailed information on the structure and competitive environment of the Industry as well as the regulatory environment and its impact on the Industry's performance. Recent developments and key issues including the most anticipated transfer window, minimum pension guarantee, multifund structure and the micro pension scheme are also discussed in detail. Furthermore, the report provides detailed analysis of the Industry's financial condition as well as the performance of the individual funds (funds I-IV). Agusto & Co has also ranked PFAs by share of managed assets and fund performance in the report.

This Day | 18 August 2020

India: Regulator prepares for issuance of permanent pension fund management licences

The Pension Funds Regulatory and Development Authority (PFRDA) has issued a circular on foreign direct investment (FDI) in pension funds that may pave the way for permanent licences for pension fund managers. In a previous round of licensing, only five-year licences were issued. So far there has been a lack of clarity on FDI in the sector, causing a delay in submission of requests for proposals (RFP) and keeping the industry stuck in the old licensing regime with fees capped at low levels, reported *MoneyControl*.

"A pension fund management company is not allowed to do any other business. Hence players are reluctant to invest in such a company for the prospect of just a five-year licence. A permanent licence on the other hand will generate more confidence among investors. The regulator can always revoke the licence and deregister a pension fund if rules are not followed," an official told *Livemint.* In October 2019, foreign direct investment in the pension sector was raised to 49% under the automatic route. However, there was ambiguity on how the foreign ownership is to be calculated. The latest PFRDA circular eliminates this ambiguity. It includes direct and indirect ownership within the limit for calculations but carves out an exception for banks and public financial institutions such as Life Insurance Corporation (LIC) and Unit Trust of India (UTI). For instance, if an insurance company or asset management company (AMC) with 49% foreign ownership sets up a fully-owned pension fund subsidiary, the latter cannot have any additional foreign ownership. However, if a bank with 49% foreign ownership sets up a pension fund, this will be ignored. The pension fund subsidiary can have additional FDI up to 49% of its own.

Asia Insurance Review | 18 August 2020

State pension increase 'hard to predict' - pensioners warned they must 'hold their breath'

STATE PENSION payments rise each year in the UK under the triple lock mechanism. With new consumer price inflation figures being released today, pensioners have been told they need to "hold their breath" by a pensions expert.

Today's inflation figures from the Office for National Statistics (ONS) show prices have risen by one percent year-on-year to July - up from 0.6 percent in June. The ONS Consumer Price Index shows UK inflation "picked up more than expected", according to Rupert Thompson, Chief Investment Officer at Kingswood. Mr Thompson said: "UK inflation picked up more than expected in July with the headline rate increasing to 1.0 percent from 0.6 percent and the core rate rising to 1.8 percent from 1.4 percent. "Culture and recreation led the increase no doubt due to the marked shifts in consumer behaviour brought about by the lockdown. "Core inflation is now at its highest level in a year and only slightly below the BoE’s [Bank of England] two percent target which will be a relief for the MPC and take some of the pressure off for further policy easing."

Amid the latest figures, the state pension triple lock mechanism has been addressed. In the UK, the basic and new state pension rises annually by whichever is the highest out of the average percentage growth in wages in Great Britain, the percentage growth in prices in the UK as measured by the Consumer Prices Index (CPI), and 2.5 percent. And, Steven Cameron, Pensions Director at Aegon, has warned the next months are "critical" for pensioners as public sector pension increases as well as the state pension triple lock use figures to September, which are published in October. Mr Cameron today commented:

“While today’s figures showed that consumer price inflation rose to one percent for the year to July from 0.6 percent the previous month, the impact of COVID-19 and lockdown measures restricting what we can spend money on is making it hard to predict inflation figures month on month. “The coming months’ figures are critical for pensioners though as public sector pension increases are based on CPI figures to September published in October and there’s an expectation inflation will nose dive, with the Bank of England’s Monetary

Policy Report outlining it may drop to minus 0.3 percent for the year to August. “State pensions increase by the triple lock (the highest of price inflation, earnings growth or 2.5 percent) and again, it’s the September inflation figure published in October which is used here. "If both inflation and earnings growth are particularly low or even negative, the underlying 2.5 percent guaranteed increase will come at a significant cost to the Government on top of their other COVID-19 bailout measures and put significant pressure on the future of the triple lock. "While a bigger inflation increase compared to last month may raise hopes, pensioners will need to hold their breath to find out what future months hold in store.

” In April this year, the state pension increased by 3.9 percent - with the rise tied to wage growth. Following the financial impact of the coronavirus pandemic, some have wondered whether Chancellor of the Exchequer Rishi Sunak will make changes to the triple lock system. The latest ONS earnings figures - which showed average total earnings dropping by 1.2 percent - were released last week, and Mr Cameron addressed the 2.5 percent underpin in the triple lock. He said: "A 2.5 percent increase next April would cost the Government almost £2.5billion, not just in the coming tax year but in all future years. "And if the earnings component is kept as is, there’s a high chance of a record increase in state pensions the following year with an even greater price tag.

“This raises major issues around how to share the cost of repairing the nation’s finances across generations. "While cutting back on the state pension triple lock would save billions, it would be highly unpopular with state pensioners. "The Chancellor might decide to swallow the cost of a 2.5 percent increase in 2021 but may need to change the way earnings increases are reflected, either suspending this component or temporarily averaging out earnings increases over two or more years until they stabilise. “Any changes to state pensions also need [to be] viewed alongside the huge sums being spent on initiatives for those of working age.

"The furlough scheme is expected to cost £69billion, the bonus for keeping workers on after furlough up to a further £9.4billion and there’s a predicted £2.4billion price tag for the kickstart scheme for under 25s. "However, these schemes are one offs and unlike state pension increases, don’t lock the Government into additional spend in future years. “If the Chancellor is planning any changes to state pensions, the sooner these are announced the better. "With many pensioners needing to get by on fixed incomes, it’s vital they know well in advance what to expect and are not left disappointed if expectations aren’t met.”

Express | 19 August 2020

OUT OF INTEREST

The long-term effects of COVID could affect South Africans for years to come

A report commissioned by Insurer Liberty suggests the long-term health effects of COVID-19 could mean drastic changes ahead for many South Africans. Meanwhile, the medical and financial services industries are going to have to adapt to cope with these effects. 18 August 2020 – The life expectancy of South Africans is projected to decrease with every 1% decrease in Gross Domestic Product as a result of COVID-19. This is according to the *COVID-19 Trends Report: Navigating the Flux*, a report commissioned by Liberty that looks at the future health risks of COVID-19 on South African citizens.

This finding associates with the notion that a sick nation directly correlates with a weak economy. With National Treasury having already predicted a contraction of the economy by approximately 5 – 10 percent, the health and insurance industries will need to adapt for these future outcomes. Speaking at a media webinar hosted by the group, David Jewell, Liberty's Group Executive for Retail Solutions said, "The COVID-19 pandemic is resulting in significant damage to the economy and deep human cost, in terms of loss of life and impact on physical and psychological wellbeing. In this time of disruption it is pivotal for us to deliver on our promises and meet our clients in their moments of greatest human vulnerability".

Jewell further adds: "While there is much uncertainty concerning the long-term health consequences of the virus, it has left many people reassessing what is really important, and we believe that it presents an opportunity for us to deliver certainty to them through solutions that meet their evolving needs". "Studies have suggested that in South Africa, the years of life lost could range from 26,800 to 473,500, caused by the lockdown and subsequent economic contraction. As the world works towards a 0% transmission of COVID-19, it is likely that the virus will lead to an increase in chronic illness, which will have an effect on both our citizens and the industries that serve to keep them healthy and secure," explained Bronwyn Williams, Trend Translator and Future Finance Specialist for Flux Trends.

The immediate health effects are already apparent, with co-morbidities placing large swathes of the South African population at risk for the harshest symptoms of the virus. Among these health morbidities – cardiovascular disease, diabetes, obesity, chronic obstructive pulmonary disease (COPD) – obesity is of particular concern, as the report highlights that 70% of SA women are technically obese, and a third of men are also overweight. According to Dr. Dominique Stott, Chief Medical Officer at Liberty, the biggest threat to healthcare systems, as well as insurers, is hospital and ICU overload, as the first wave of COVID-19 sufferers seek medical attention.

The virus by nature is unpredictable in that at first, the medical fraternity was treating it as a respiratory condition but have since migrated it to a cardiovascular condition. Furthermore, short and long-term disability benefit claims are also likely to increase, for the 20 – 30% of infected people who require hospitalisation or even ICU admission. “Life cover benefits are particularly important now that the mortality rate is increased. Studies have shown that 80% of the deaths in South Africa were people over the age of 60. But death rates are also increased for those clients who have developed underlying high-risk diseases,” adds Dr Stott.

However, it is the indirect health implications that are also of concern, as mental illness has seen a sharp spike since the implementation of a nationwide lockdown in March. Between a rise in suicides and suicidal ideation, depression, stress and burnout, the report suggests it has become a necessity for employers to provide the necessary psychological support employees require. While there are still many unknown factors regarding the long-term health implications for COVID-19 survivors, there are already indications that the disease can cause permanent organ damage, which could lead to more requests for chronic care.

“Insuring one's health is critical especially in light of the direct mental and physical health effects that could indirectly lead to yet another wave of medical sector issues. With elective surgeries likely to be deferred to prioritise more urgent treatments - such as chemotherapy and other cancer treatments - this could also lead to a general fear of health checks, meaning other illnesses could go undiagnosed" - adds Dr. Stott. The report further outlines that people with chronic illnesses might skip their vaccines and it will have significant impact on their lifespan: since COVID, 13% of HIV patients have put their antiretroviral treatments on hold. The UN is also concerned about children missing their scheduled vaccinations, because their parents are scared of taking them to the clinic in the fear of them contracting the virus.

Jewell says, “While we are not sure about exactly what the future holds, the virus carries with it an enormous amount of uncertainty for the lives of South Africans, but we are confident in our role of helping consumers navigate through this challenge. This is our time to be counted and to be there for our clients.” "At Liberty, we believe that it is during these unprecedented times that show the importance of being and staying insured, and that expert financial advice is critical to preserving and protecting one’s future financial health,” concludes Jewell.

FA News | 18 August 2020

When women succeed, South Africa succeeds

Five strategies to help women succeed this women’s month

“*When women thrive, all of society benefits and succeeding generations are given a better start in life*.” – Kofi Annan, former UN Secretary-General, who championed women as the key to peace and prosperity. South Africa is in 17th place out of 149 countries, a slight improvement from 19th place in 2018, in the World Economic Forum’s 2020 Global Gender Gap Report. According to Alexander Forbes Member Watch research, in 2010 more than 85% of females earned less than R240 000. In contrast, in 2019 the proportion of females earning less than R240 000 had decreased by 18.6%, and the proportion of women earning R960

000 and more is seven times more than what it was in 2010. In 2008, women held 12.6% of directorship positions in JSE listed companies, which increased to 19% by 2017. Leading up to International Women's Day on 8 March 2020, 20% of directors of JSE listed companies were women according to *Women on South African boards: facts, fiction and forward thinking* published by the University of Stellenbosch Business School.

Greater pressures on women since the pandemic

Women account for two-thirds of the total net job losses in South Africa according to the National Income Dynamics Study – Coronavirus Rapid Mobile Survey released in July 2020. The Covid-19 pandemic has not only resulted in elevated stress levels for women due to work-life conflict, but has widened the gender pay gap in South Africa, undoing the progress women had made towards equality. Belinda Sullivan, principal consultant at Alexander Forbes, suggests the following strategies to promote equality in the workplace:

1. Promote diversity and inclusion in the workplace

Research shows that millennials and centennials want to work for, invest in and engage with organisations that embrace diversity and inclusion. They make up most of the workforce in South Africa and are referred to as the purpose-driven generations. However, only 50% of organisations globally are publicly documenting commitments to gender equality according to a global report by Mercer, Alexander Forbes' strategic global partner, entitled, "When Women Thrive 2020".

2. Create individualised retirement solutions for women

Retirement solutions need to be tailored to recognise that women have different needs from men when it comes to financial wellness, health and caregiving. Financial education and gender-specific communication can assist women in attaining their savings goals.

3. Regulation drives pay equity

Reporting on pay disparities is on the agenda for many countries. The UK and France have issued new reporting requirements on gender-pay differences and as a result, Europe has seen a dramatic increase in pay equity. In South Africa the law mandates equal remuneration for work of equal value.

4. Flexibility

The Covid-19 pandemic has evolved our mindset that it is not imperative to be in an office full time to be productive. A culture of flexible working arrangements and balancing other responsibilities has emerged. This trend is key to enabling more women to enter, remain and thrive in the workplace.

5. Financially fit females

Research from the Mercer Global 2020 study, When Women Thrive, shows that perceived knowledge is more important than actual knowledge. Women who have financial courage are more likely to engage with their finances, which results in financial well-being. Women who stress about finances tend to have poorer health. By helping women reduce money stress, employers may not only improve productivity but also reduce healthcare costs and absenteeism related to physical illness. This can be supported through an employer's employee assistance programme that offers professional guidance on different aspects of women's lives and includes psychiatric services, debt and legal counselling and financial advice. To ensure the successful advancement of women, they need access to opportunities, flexible benefits, advice, mentors and a work environment that is supportive to enable growth.

FA News | 19 August 2020

SA recovers 77% of pre Covid-19 activity

CAPE TOWN - South Africa has recovered 77 percent of its pre-covid activity as of August 9, according to Swiss Private Bank Lombard Odier & Co, which uses big data and data science to track the economy. The virtually real time percentage, released yesterday, provided some optimism that the economy might be recovering faster than anticipated, as traditional economic data, which is gathered from less immediate information sources, painted a picture of an economy that would take a long time to recover.

Marriott Investment Managers said yesterday (mon) that for instance that although the economic future remained uncertain due to the virus, what was generally expected was a slow global economic recovery, with South Africa facing a particularly long road to recovery due to its weak economy ahead of the pandemic, and high unemployment. Lombard Odier chief investment officer Stéphane Monier said they watched eight "high frequency signals": import and exports, city congestion levels, mobility data, retail and grocery consumption, workplace presence and air pollution levels for production.

"Taken together, they can give us a picture of the state of an economy's recovery when compared with a pre-crisis average of three years, or from 2019," he said. A big challenge for investors is to gauge progress toward "normalisation", in comparison with historic levels of supply and demand. As a result, this pandemic is turning into the most powerful test yet for the value of data science, he said. "The right data sets can help us to improve our real-time diagnosis of the recovery and market trends. That means that it can also help us as we make investment decisions and construct portfolios," said Monier.

The data is also compared with other indicators to ensure that the insights add value to the bank's forecasts."We can use this to fill the gap between official government numbers, which often report statistics with a lag of a month or more," said Monier. The pandemic was helping to find new ways to understand economic development ever closer to real time, he said.

South Africa's central bank (SARB) is penciling in a 7.3 percent gross domestic product contraction this year followed by a 3.7 percent recovery in 2021, with many private sector forecasts projecting an even slower recovery for 2021. In May and June, the lockdown started being relaxed in phases, with most businesses allowed to be open from today's Level 2 of the lockdown coming into force, subject to various social distancing and other restrictions.

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