ESTIMATING THE DISTRIBUTION RATE FOR IMPUTATION CREDITS

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1. Introduction

This paper estimates the market-wide distribution rate for imputation credits from the Financial Statements of the largest 20 ASX firms, by extending up till 2017 earlier analysis by Lally (2015) covering the period 2000-2013.

2. Analysis

The distribution rate is the distributions divided by the company tax payments to the ATO:

$$F = \frac{DIST}{TAX} \tag{1}$$

For each company, the distributions can be deduced from the fully franked dividends and the corporate tax rate over this period:

$$DIST = DIV\left(\frac{T_c}{1-T_c}\right) \tag{2}$$

The dividend payments, and the part that is fully franked, can be obtained from the notes to the Financial Statements.[1] The tax payments to the ATO are less obvious because the tax payments shown in the "Cash Flow Statement" will include payments to foreign tax authorities and separate identification of the payments to the ATO is not generally made in Financial Statements. However, over the period examined (2000-2017), the Franking Balance of the entity will have changed due to tax payments to the ATO and distributions of credits via dividends:

$$B_{2017} = B_{2000} + TAX - DIST$$

The tax payments to the ATO will then be as follows:

$$TAX = DIST + B_{2017} - B_{2000} \tag{3}$$

[1] In general, this data is drawn from the "Dividends" note to the Financial Statements for each year rather than the "Cash Flow Statement", because the latter will not include dividends that are subject to a Dividend Reinvestment Plan and also does not indicate whether the dividends are franked.

Most of the firms examined have subsidiaries, and therefore the analysis could in principle be done for either the Parent or the Group. However the Franking Balance is typically only given for either the Parent or the Group. So, if the Franking Balance is given only for the Parent, the entire analysis is done using data for the Parent. Where choice is available, I conduct the analysis at the Group level.

3. Results

The results of this analysis are shown in Table 1 (figures in $m), and all of the data underlying it are provided in the Appendix. For example, for CBA, Parent data is used. The "Franking Balance" (found in the "Dividends" note to the Financial Statements) grows from $450m in 2000 to $1,067m in 2017. Aggregating over the results shown for individual years, fully franked dividends of $68,915m were paid over the period. Using equation (2) and a corporate tax rate of 30% over this period, this implies distributed credits of $29,535. Using equation (3), the tax payments to the ATO are then $30,152m. Using equation (1), the aggregate distribution rate is then $29,535m/$30,152m = 0.98.

One complication arises from the fact that some of the financial statement data is in $US. For example, all of the data shown in BHP's Financial Statements are in US$, and are converted to A$ using the exchange rate for the day to which B_{2017} relates (31 December 2017) and the average rate during the year for the dividend payments during a year. A second complication arises from the fact that data for CSL extends back only to 2004 whilst that for Macquarie extends back only to 2008. However, given the small impact of both companies on the market-wide estimate, this issue is not significant and both companies are included.

The rates shown in Table 1 range from 70% (BHP) to 123% (Brambles), but the majority are at least 90%. The estimate for the market distribution rate is the aggregate distributions (*DIST*) of $216.3b divided by the aggregate taxes paid to the ATO (*TAX*) of $244.7b, and the result is 88%, as shown in the last row of Table 1. Furthermore, as discussed in Lally (2016, section 2.3), this figure is a lower bound because the analysis includes companies with foreign operations, such operations are not relevant for estimating the distribution rate of regulated Australian business, and the effect of foreign operations appears to be to depress the distribution rate.

4. The Effect of Franked Dividends Received

The analysis so far assumes that companies do not receive franked dividends. This is not true for some companies and there are two consequences of this matter.

Firstly, inter-company dividends with attached credits leads to double-counting of distributed credits when estimating the distribution rate by the method shown in section 2. To illustrate this point, suppose that the Australian listed equity market comprises two companies as follows:

Coy A: Corporate taxes paid of \$100m, and imputation credit distributions of \$85m (\$80m to individuals and \$5m to coy B).

Coy B: Corporate taxes paid of \$100m, and imputation credit distributions of \$90m (all to individuals) including pass through of the \$5m received from coy A.

Using the aggregating approach in section 2, total corporate taxes are \$200m and total distributions are \$175m, implying an aggregate distribution rate of 0.875. However there is double-counting of the imputation credit distribution of \$5m from coy A to coy B, i.e., for the corporate sector as a whole, the imputation-credit distributions are \$170m, implying an aggregate distribution rate of 0.85 rather than 0.875. So, the approach adopted in Table 1 will overstate the aggregate distribution rate. The solution is to deduct the credits received by companies via fully-franked dividends (*DR*) from the distributions of credits (*DIST*) shown in the numerator of equation (1) because this part of *DIST* is pass through and therefore gives rise to the double counting.

Secondly, in the presence of franked dividends received from another company, the growth in a company's Franking Balance also arises from the receipt of credits via franked dividends (*DR*), and this affects the calculation of company tax payments to the ATO shown in equation (3). The solution is to deduct the credits received by companies via fully-franked dividends (*DR*) from the increment to the Franking Balance shown in the denominator of equation (1).

Failure to account for both of these points means that the distribution rate calculated in accordance with equations (1) and (3) is as follows:

$$d = \frac{DIST}{TAX} = \frac{DIST}{DIST + \Delta FB} \qquad (4)$$

Taking account of both points above, the distribution rate should have been determined as follows:

$$d = \frac{DIST - DR}{DIST + \Delta FB - DR} \qquad (5)$$

So, equation (5) should have been used whereas equation (4) was instead used, leading to an overstatement in the distribution rate because the numerator is smaller than the denominator. To estimate the extent of the overstatement, I limit the analysis to the latest two years (2016 and 2017) for all 20 companies. Table 2 shows the fully franked dividends paid in each of those years for each of the 20 companies in Table 1, along with the dividends received. The dividends received that are of interest are those that are fully franked but these are not disclosed in the Financial Statements. Some of the dividends received are, or are very likely to be, unfranked. For example, both BHP and Rio Tinto have substantial foreign subsidiaries and therefore it is likely that a substantial proportion (and perhaps even all) of the dividends received by them are unfranked. It can also reasonably be presumed that the dividends received by Westfield, Origin Energy, Santos (for 2017), and Amcor (for 2016) were unfranked because these companies made dividend payments in the same year and all of these dividends paid were unfranked. Accordingly, the dividends received are set to zero in these cases. Also, in respect of ANZ, the dividends received are not disclosed and therefore this company is deleted. Also, in respect of QBE, the dividends received are included within a larger category, and therefore this company is deleted. Also, in respect of AMP, the Financial Statements note that most of the dividends received were claimable by policy holders rather than AMP's shareholders; this company is then deleted from the analysis. Across the 17 remaining companies, the dividends received were 3.3% of the fully franked dividends paid in 2016 and 6.0% in 2017; the average is 4.65%. This figure is extrapolated to the other years in the analysis. Since the estimate using equation (4) was 0.884, the estimate from using equation (5) is 0.879 as follows:

$$d = \frac{0.884 - .046(0.884)}{1 - .046(0.884)} = 0.879$$

The change is trivial, and even this reduction from 0.884 to 0.879 is an upper bound on the change because some (and perhaps most) of the dividends received will be unfranked and therefore irrelevant to this calculation.

In summary, allowance for the existence of franking credits received by companies via dividends received reduces the estimated distribution rate for the top 20 companies by less than 1%.

5. The Effect of Share Buybacks

The above analysis has assumed that imputation credits can only be distributed via dividends. However they can also be distributed by share buybacks. I therefore consider the impact of this issue.

Across the 20 companies examined over the 2000-2017 period, the total distributions are $216b as shown in Table 1. Seven companies contribute $176b of these distributions (82%) and I therefore focus upon them: CBA, BHP, Westpac, ANZ, NAB, Telstra, and Rio Tinto. For these companies, there are 37 cases in which buybacks have occurred (as indicated by the Cash Flow Statements), totalling $58b (those for BHP and Rio Tinto are recorded in $US and converted to A$ using the same exchange rates used to convert their dividends). Amongst these 37 cases, the nine largest cases (those exceeding $2b) collectively constitute $40b of this $58b, and I therefore focus upon these nine (being five for BHP and four for Rio Tinto).

In respect of BHP 2005, Note 23 to the 2006 Financial Statements reveals that 83% of the payment was classed as a dividend to which franking credits could be applied. In respect of BHP 2006, Note 23 to the 2006 Financial Statements reveals that 91% of the payment to BHP Limited shareholders was classed as a dividend to which franking credits could be applied. In respect of BHP 2007, Note 23 to the 2007 Financial Statements reveals that 90% of the payment to BHP Limited shareholders was classed as a dividend to which franking credits could be applied. In respect of BHP 2008, no information could be located on the split. In respect of BHP 2011, Note 19 to the 2011 Financial Statements reveals that 99% of the payment was classed as a dividend to which franking credits could be applied. Since BHP had a positive Franking Balance at all of these times, I assume that maximum credits were attached in all cases.

In respect of Rio Tinto 2006, no information could be located on the split. In respect of Rio Tinto 2011, no information could be located on the split. In respect of Rio Tinto 2015, the Class Ruling from the ATO (2015) reveals that 81% of the payment was classed as a dividend to which franking credits could be applied. In respect of Rio Tinto 2017, the Class Ruling from the ATO (2017) reveals that 85% of the payment was classed as a dividend to which franking credits could be applied. Since Rio Tinto had a positive Franking Balance at both of these times, I assume that maximum credits were attached in both cases.

Collectively, this evidence suggests that about 90% of these buybacks are classed as dividends, for which maximum imputation credits were attached. So, of the total distributions of credits of $216b (exclusive of buybacks), seven companies account for $176b, and these companies have also engaged in buybacks totalling $58b, of which $40b have been examined and about 90% of these are classified as dividends attracting maximum imputation credits (at the fraction 3/7). So, the incremental distribution of credits from these buybacks is estimated at $27.5b as follows:

$$\$58b * 0.9 * \left(\frac{3}{7}\right) * \left(\frac{\$216b}{\$176b}\right) = \$27.5b$$

In addition, the ATO has the power to make additional deductions from the Franking Account of a company engaging in an off-market buyback, to account for the wastage of credits that would normally have occurred with a dividend but is avoided through an off-market buyback because the shareholders taking up the buyback are presumed to be only Australians. The ATO multiplies the franking credits on the dividend component of the buyback by the proportion of shareholders in the company who are foreign, and further multiplies this by 0.5 to reflect the reduction in the withholding tax. Furthermore, the ATO generally does make this deduction (ATO, 2007, paras 117-126).

Examining the nine cases referred to above, there are six cases involving off-market buybacks (data from the "Share Capital" notes to the Financial Statements), with dividend components as follows (with Rio providing the dividend component per share in A$):

BHP, 2005	US$1,475/0.75 =	$1,967m

BHP, 2006	US$1,475m/0.75 =	$1,967m
BHP, 2007	US$2,559m/0.79 =	$3,239m
BHP, 2011	US$6,301m/0.99 =	$6,365m
Rio, 2015	$39*11.57m shares =	$451m
Rio, 2017	$54.23*11.78m shares =	$639m

The total is $14.6b. Extrapolating this to the entire set of 20 firms for all years, and multiplying by the franking proportion 3/7, yields an estimate for the franking credits arising from off-market buybacks amongst the 20 companies over the 2000-2017 period of $11.1b as follows:

$$\$14.6b * \left(\frac{58}{40}\right) * \left(\frac{216}{176}\right) * \left(\frac{3}{7}\right) = \$11.1b$$

In accordance with the ATO's formula, this is multiplied by the proportion of shareholders in the company who are foreign, and further multiplied by 0.5. The proportion of foreigners is not known but an upper bound is 1. So, at most, the ATO's deduction from the Franking Balances of firms arising from off-market buybacks is $5.6b. This deduction means that equation (4) requires adding back of the ATO's deduction to the denominator in order to correctly estimate the value for *TAX*.

The impact of these points on the estimate of the distribution rate is now determined. Without adjustment for buybacks, the distribution rate has been estimated from equation (4) as follows:

$$d = \frac{\$216.3b}{\$244.7b} = 0.884$$

Recognition of the additional distribution of credits through buybacks (both off and on-market) of $27.5b raises this slightly to 0.896 as follows:

$$d = \frac{\$216.3b + \$27.5b}{\$244.7b + \$27.5b} = 0.896$$

Further recognition of the additional deductions from the franking balances carried out by the ATO (of no more than $5.6b) reduces the rate to 0.878 as follows:

$$d = \frac{\$216.3b + \$27.5b}{\$244.7b + \$27.5b + \$5.6b} = 0.878$$

Mindful that the adjustment just performed is too high, buybacks have no material effect upon the aggregate distribution rate for credits and this rate is at least 0.88 as previously determined in section 3.

6. Conclusions

This paper has estimated the distribution rate for imputation credits for the 20 largest ASX firms, using data from their financial statements, and for the period 2000-2017. Most companies have distribution rates over 90% and the aggregate figure is 88%, without accounting for the receipt of credits via dividends received or for the effect of share buybacks. Accounting for credits received via dividends received reduces the distribution rate by less than 1%, and therefore this can be ignored. Accounting for the effect of share buybacks also reduces the rate by less than 1% and therefore this too can be ignored. So, the figure remains 88%, and this is a lower bound because it includes companies with foreign operations, such operations are not relevant for estimating the distribution rate of regulated Australian business, and the effect of foreign operations appears to be to depress the distribution rate.

Table 1: Distribution Rates for Companies and the Market

Company	B_{2000}	B_{2017}	*DIV*	*DIST*	*TAX*	*DIST RATE*
CBA (Parent)	450	1,067	68,915	29,535	30,152	0.98
BHP (Group)	24	13,188	72,512	31,076	44,240	0.70
Westpac (Parent)	-56	1,063	59,172	25,359	26,478	0.96
ANZ (Parent)	0	171	49,488	21,209	21,380	0.99
NAB (Group)	0	1,115	56,612	24,262	25,377	0.96
Telstra (Group)	74	9	60,045	25,733	25,668	1.00
Woolworths (Group)	418	2,577	17,408	7,461	9,619	0.78
Wesfarmers (Group)	0	786	22,240	9,531	10,317	0.92
CSL (Group)	20	0	367	157	137	1.15
Woodside (Group)	173	2,605	16,047	6,877	9,309	0.74
Rio Tinto (Group)	445	6,429	45,170	19,358	25,342	0.76
Westfield (Parent)	25	4	1,124	482	461	1.04
MacQuarie (Group)	133	199	2,889	1,238	1,304	0.95
Origin Energy (Group)	0	0	3,229	1,384	1,383	1.00
Suncorp (Group)	70	456	11,416	4,893	5,278	0.93
QBE Ins (Group)	-8	199	4,677	2,004	2,211	0.91
Brambles (Group)	188	74	1,416	607	493	1.23
Santos (Group)	360	511	4,099	1,757	1,908	0.92
AMP (Group)	80	275	7,390	3,167	3.361	0.94
Amcor (Group)	0	0	593	254	254	1.00
Total				216,347	244,680	0.88

For each company, the Franking Balance in 2000 (B_{2000}) and 2017 (B_{2017}) is drawn from the financial statements, along with the fully franked dividends over that period (*DIV*). Since *DIV* is fully franked dividends, the distributions of credits (*DIST*) is *DIV*(3/7). The payment of company tax to the ATO (*TAX*) is the sum of *DIST* and the increase in the Franking Balance. The distribution rate is then *DIST*/*TAX*.

Table 2: Dividends Received and Fully Franked Dividends Paid in 2016 and 2017

Company	FF Divs Paid	Divs Recd	FF Divs Paid	Divs Recd
CBA (Parent)	6994	78	7237	94
BHP (Group)	5776	412	4669	848
Westpac (Parent)	6129	0	6301	0
ANZ (Parent)	5001	ND	4609	ND
NAB (Group)	5161	21	5216	36
Telstra (Group)	3787	82	3736	10
Woolworths (Group)	1471	3	860	3
Wesfarmers (Group)	2272	74	2235	46
CSL (Group)	0	0	0	0
Woodside (Group)	864	7	1072	6
Rio Tinto (Group)	3682	341	5519	1061
Westfield (Parent)	0	0	0	0
MacQuarie (Group)	483	226	617	209
Origin Energy (Group)	0	0	0	0
Suncorp (Group)	1025	0	911	0
QBE Ins (Group)	555	ND	317	ND
Brambles (Group)	123	0	116	0
Santos (Group)	89	0	0	0
AMP (Group)	745	ND	753	ND
Amcor (Group)	0	0		
Total	37,858	1244	38,490	2313

For each company, this table shows the fully franked dividends paid and the dividends received, in 2016 and 2017 (in $m). In respect of BHP and Rio Tinto, the dividends received were recorded in $US, and converted to A$ using the same exchange rates used to convert dividends paid by these companies that are recorded in US$.

APPENDIX

This Appendix provides the data underlying Table 1.

CBA (Parent)

The Franking Balance (FB) for the Parent for 2017 is $1,067m, as reported in the Financial Statements. The FB for 2000 is $450m, as reported in the Financial Statements.[2] These figures for 2000 are for the Group but the figures for the Parent are presumably the same because the dividends are the same. The fully franked dividends are as follows, for the years 2001 – 2017 respectively, drawn from the Dividends Note to the Financial Statements (and the Directors' Report for 2001 and 2002), and involving adding together the Interim Dividend for the year in question and the Final Dividend declared in the previous year but paid in the year in question:[3]

$1681m, $1785m, $1892m, $2062m, $2398m, $2645m, $3048m, $3426m, $3691m, $3588m, $4678m, $5096m, $5776m, $6174m, $6744m, $6994m, and $7237m

For the 2000-2017 period, the total multiplied by 3/7 is $29,535m, and represents the total distributions from the Franking Account (*DIST*). The company tax payments to the ATO (*TAX*) are then *DIST* plus the growth in FB, which is $30,152m.

BHP (Group)

The FB for the Group for 2017 is US$10,155m, as reported in the Financial Statements, which is converted at the prevailing exchange rate of 0.77 (US$ per A$1) as reported by the RBA, to yield $13,188m. The FB for the Group for 2000 is $24m, as reported in the Financial Statements. The fully franked dividends in $US are as follows, for the years 2001 – 2017 respectively, drawn from the Cash Flow Statements rather than the Dividends Note to

[2] These figures are net of adjustments for tax not yet paid at balance date but payable in respect of profits for the year ending on the balance date in question, and for credits distributed with dividends paid after balance date but declared before balance date. The second of these adjustments could be reversed out but the first cannot (because the extent of these tax payments is not known). Accordingly, no adjustment is made. If the only adjustment were for dividends, the adjustment would be made and this occurs for some companies examined in this Appendix.

[3] There is sometimes ambiguity over whether the final dividend reported in the Dividends Note for a particular year has been paid in that year or merely declared and paid in the following year. If in doubt, I assume the former. The effect of any such errors on the distribution rate for credits would be slight.

the Financial Statements (because the former includes the dividends paid to the minority shareholders, but with checking against the information in the Dividends Note to check for fully franked and there was no DRP):

$524m*(26/51), $831m, $868m, $1576m, $1642m, $2126m, $2339m, $3250m, $4969m, $4895m, $5144m, $5933m, $6222m, $6506m, $7052m, $4217m, and $3502m.

The exchange rates used for the conversion (US$ per A$1) are the average over the financial year, as reported in the Accounting Policies Note in the Financial Statements (or the RBA otherwise) as follows:

0.53, 0.52, 0.58, 0.71, 0.75, 0.75, 0.79, 0.90, 0.75, 0.88, 0.99, 1.03, 1.03, 0.92, 0.84, 0.73, and 0.75.

For the 2000-2017 period, converting at these rates and adding up, the total multiplied by 3/7 is $31,077m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $44,241m.

Westpac (Parent)

The FB for the Parent for 2017 is $1,063m, as reported in the Financial Statements. The FB for the Group for 2000 is -$56m, as reported in the Financial Statements, but this is likely to be similar to the figure for the Parent because the dividends are very similar. The fully franked dividends are as follows, for the years 2001 – 2017 respectively, drawn from the Dividends Note to the Financial Statements for the years 2000-2014 and otherwise from the Statement of Changes in Equity:

$1017m, $1157m, $1304m, $1474m, $1667m, $1981m, $2270m, $2583m, $2994m, $3700m, $4500m, $4931m, $5568m, $5844m, $5752m, $6129m, and $6301m.

For the 2000-2017 period, the total multiplied by 3/7 is $25,359m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $26,478m.

ANZ (Parent)

The FB for the Parent for 2017 is $171m, as reported in the Financial Statements. The FB for the Parent for 2000 is zero, as reported in the Financial Statements. The fully franked dividends are as follows, for the years 2001 – 2017 respectively, drawn from the Dividends Note to the Financial Statements:

$995m, $1155m, $1333m, $1598m, $1877m, $2068m, $2363m, $2506m, $2452m, $2667m, $3491m, $3691m, $4082m, $4694m, $4906m, $5001m, and $4609m.

For the 2000-2017 period, the total multiplied by 3/7 is $21,209m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $21,380m.

<u>NAB (Group)</u>

The FB for the Group for 2017 is $1,115m, as reported in the Financial Statements. The FB for the Group for 2000 is zero, as reported in the Financial Statements. The fully franked dividends for the Group are as follows, for the years 2001 – 2017 respectively, drawn from the Dividends Note to the Financial Statements:[4]

$2080m, $2355m - $120m, $2360m - $120m, $2503m, $2586m*0.9, $2661m*0.8, $2788m*0.9, $3124m, $3069m, $3102m, $3490m, $3955m, $4249m, $4553m, $4670m, $5161m, and $5216m.

For the 2000-2017 period, the total multiplied by 3/7 is $24,262m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $25,377m.

<u>Telstra (Group)</u>

The FB for the Group for 2017 is $9m, as reported in the Financial Statements. The FB for the Group for 2000 is $74m, as reported in the Financial Statements. The fully franked dividends are as follows, for the years 2001 – 2017 respectively, drawn from the Cash Flow Statements rather than the Dividends Note to the Financial Statements (because the former includes the dividends paid to the minority shareholders, but with checking against the information in the Dividends Note to ensure all were fully franked and there was no DRP):

[4] In some years, the dividends are only reported for the Parent in the Dividends Note, but the dividends reported in the Cash Flow Statement for the Group and Parent are almost identical, so the figures in the Dividends Note can be extrapolated to the Group.

$2316m, $2831m, $3345m, $3186m, $4131m, $4970m, $3479m, $3498m, $3517m, $3494m, $3489m, $3491m, $3508m, $3567m, $3700m, $3787m, and $3736m.

For the 2000-2017 period, the total multiplied by 3/7 is $25,734m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $25,669m.

<u>Woolworths (Group)</u>

The FB for the Group for 2017 is $2,577m, as reported in the Financial Statements. The FB for the Group for 2000 is $418m, as reported in the Financial Statements. The fully franked dividends are as follows, for the years 2001 – 2017 respectively, drawn from the Dividends Note to the Financial Statements:

$500m, $312m, $381m, $428m, $500m, $613m, $788m, $1006m, $1174m, $1349m, $1457m, $1516m, $1597m, $1703m, $1753m, $1471m, and $860m.

For the 2000-2017 period, the total multiplied by 3/7 is $7,461m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $9,620m.

<u>Wesfarmers (Group)</u>

The FB for the Group for 2017 is $786m, as reported in the Financial Statements. The FB for the Group for 2000 is zero, as reported in the Financial Statements. The fully franked dividends are as follows, for the years 2001 – 2017 respectively, drawn from the Dividends Note to the Financial Statements:

$245m, $459m, $446m, $500m, $546m, $725m, $889m, $997m, $1487m, $1330m, $1562m, $1793m, $1990m, $2164m, $2600m, $2272m, and $2235m.

For the 2000-2017 period, the total multiplied by 3/7 is $9,531m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $10,317m.

<u>CSL (Group)</u>

The FB for the Group for 2017 is not reported but is presumably zero because the 2017 dividends are unfranked. The FB for the Group for 2004 is $20m, being the amount of retained profits that could be distributed as fully franked dividends of $47m (as reported in the Financial Statements) multiplied by 3/7. Earlier Financial Statements could not be located. The fully franked dividends are as follows, for the years 2005 – 2017 respectively, drawn from the Dividends Note to the Financial Statements:

$85m, $58m, zero, $50m, $138m, zero, $27m, $9m, 0, 0, 0, 0, and 0.

For the 2000-2017 period, the total multiplied by 3/7 is $157m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $137m.

<u>Woodside (Group)</u>

The FB for the Group for 2017 is US$2,032m, as reported in the Financial Statements, which is converted at the prevailing exchange rate of 0.78 (US$ per A$1) as reported by the RBA, to yield $2,605m. The FB for the Group for 2000 is $173m, as reported in the Financial Statements. The fully franked dividends are as follows, for the years 2001 – 2017 respectively, drawn from the Dividends Note to the Financial Statements (with the dividends for 2009 – 2017 reported in $US and converted at the average exchange rate over the year shown in brackets below as US$ per A$1 from the RBA):

$560m, $446m, $413m, $347m, $447m, $713m, $847m, $929m, US$574m (0.79), US$773m (0.92), US$866m (1.03), US$979m (1.04), US$1738m (0.97), US$1764m (0.90), US$1730m (0.75), US$640m (0.74), and US$826m (0.77).

For the 2000-2017 period, the total multiplied by 3/7 is $6,877m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $9,309m.

<u>Rio Tinto (Group)</u>

The FB for the Group for 2017 is US$5,014m, comprising the retained earnings that could be distributed as fully franked dividends of US$8,542m (which is net of the outflow of credits on the final dividend declared in financial year 2017 of US$3,158m but paid in the next financial year) plus that dividend, as reported in the Financial Statements, multiplied by 3/7. Converting at the exchange rate of US0.78 per A$1 as reported in the Financial Statements yields $6,428m. The FB for the Group for 2000 is $445m, comprising the retained earnings that could be distributed as fully franked dividends of zero (which is net of the outflow of credits on the final dividend declared in financial year 2000 of $1,038m but paid in the next financial year) plus that dividend, as reported in the Financial Statements, multiplied by 3/7. The fully franked dividends in $US are as follows, for the years 2001 – 2017 respectively, drawn from the Dividends Note to the Financial Statements:

$812m, $826m, $882m, $1062m, $1143m, $2573m, $1507m, $1933m, $876m, $1754m, $2236m, $3038m, $3322m, $3710m, $4076m, $2725m, and $4250m.

The exchange rates for the conversion (US$ per A$1) are the averages over the financial year, as reported in the Exchange Rates Note in the Financial Statements:

0.52, 0.54, 0.65, 0.73, 0.76, 0.75, 0.84, 0.86, 0.79, 0.92, 1.03, 1.04, 0.97, 0.90, 0.75, 0.74, and 0.77.

For the 2000-2017 period, converting at these rates and adding up, the total multiplied by 3/7 is $19,358m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $25,342m.

<u>Westfield (Parent)</u>

The FB for the Parent for 2017 is $4m, as reported in the Financial Statements. The FB for the Parent for 2000 is $25m, as reported in the Financial Statements. The fully franked dividends are as follows, for the years 2001 – 2017 respectively, drawn from the Dividends Note to the Financial Statements:

$47m, $55m, $56m, $82m, $185m, $71m, $64m*0.6, $194m, $195m*0.6, 0, $115m, 0, 0, $164m, 0, 0, and 0.

For the 2000-2017 period, the total multiplied by 3/7 is $482m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $461m.

<u>Macquarie (Group)</u>

The FB for the Group for 2017 is $199m, as reported in the Financial Statements. The FB for the Group for 2008 is $133m, as reported in the Financial Statements. Earlier Financial Statements could not be located. The fully franked dividends are as follows, for the years 2009 – 2017 respectively, and drawn from the Dividends Note to the Financial Statements:

$880m, $122m*0.6, 0, 0, 0, $1159*0.4, $931m*0.4, $1208m*0.4, and ($816m*0.4 + $646m*0.45).

For the 2000-2017 period, the total multiplied by 3/7 is $1,238m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $1,304m.

Origin Energy (Group)

The FB for the Group for 2017 is zero, as reported in the Financial Statements. The FB for the Group for 2000 is zero, as reported in the Financial Statements. The fully franked dividends are as follows, for the years 2001 – 2017 respectively, drawn from the Dividends Note to the Financial Statements:

$23m, $34m, $13m, $53m, $94m, $134m, $158, $201m, $554m, $439m, $442m, $538m, 546m, 0, 0, 0, and 0.

For the 2000-2017 period, the total multiplied by 3/7 is $1,384m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $1,384m.

Suncorp (Group)

The FB for the Group for 2017 is $456m, as reported in the Financial Statements. The FB for the Group for 2000 is $70m, being the amount of retained profits that could be distributed as fully franked dividends of $136m (as reported in the Financial Statements) multiplied by 0.34/0.66. The fully franked dividends are as follows, for the years 2001 – 2017 respectively, drawn from the Dividends Note to the Financial Statements:

$229m, $300m, $305m, $335m, $458m, $920m, $573m, $993m, $729m, $440m, $444m, $511m, $769m, $1088m, $1386m, $1025m, and $911m.

For the 2000-2017 period, the total multiplied by 3/7 is $4,892m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $5,278m.

QBE (Group)

The FB for the Group for 2017 is $199m, as reported in the Financial Statements. The FB for the Group for 2000 is -$8m, as reported in the Financial Statements. The fully franked dividends are as follows, for the years 2001 – 2017 respectively, drawn from the Dividends Note to the Financial Statements (with the dividends for 2010 – 2013 reported in $US and converted at the average exchange rate over the year shown below as US$ per A$1 from the RBA):

$19m, $37m, $34m, $126m, $241m, $344m, $566m, $396m, $255m, US$217m (0.92), US$139m (1.03), US$146m (1.04), US$349m (0.97), $342m, $574m, ($288m*0.5 + $411m), and ($302m*0.3 + $453m*0.5).

For the 2000-2017 period, the total multiplied by 3/7 is $2,004m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $2,211m.

Brambles (Group)

The FB for the Group for 2017 is US$57m, as reported in the Financial Statements, and converting at the balance date exchange rate of US0.77 per A$1 (from the RBA) yields $74m. The FB for the Group for 2006 is US$139m, as reported in the Financial Statements, and converting at the balance date exchange rate of US0.74 per A$1 (from the RBA) yields $188m. Earlier Financial Statements could not be located. The fully franked dividends in $US are as follows, for the years 2007 – 2017 respectively, drawn from the Dividends Note to the Financial Statements:

$356m, $66m, $34m, $65m, $75m, $80m, $128m, $118m, $108m, $90m, and $87m.

The exchange rates for the conversion (US$ per A$1) are the averages over each of the financial years (from the RBA):

0.79, 0.90, 0.75, 0.88, 0.99, 1.03, 1.03, 0.92, 0.84, 0.73, and 0.75.

For the 2000-2017 period, converting at these rates and adding up, the total multiplied by 3/7 is $607m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $493m.

Santos (Group)

The FB for the Group for 2017 is US$399m, as reported in the Financial Statements, and converting at the balance date exchange rate of US0.78 per A$1 (from the RBA) yields

$511m. The FB for the Group for 2000 is $360m, as reported in the Financial Statements. The fully franked dividends are as follows, for the years 2001 – 2017 respectively, drawn from the Dividends Note to the Financial Statements (with the dividends for 2016 reported in $US and converted at the average exchange rate over the year shown below as US$ per A$1 from the RBA):

$180m, $200m, $198m, $213m, $243m, $268m, $269m, $286m, $327m, $350m, $263m, $285m, $289m, $341m, $298m, US$66m (0.74), and 0.

For the 2000-2017 period, the total multiplied by 3/7 is $1,756m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $1,908m.

<u>AMP (Group)</u>

The FB for the Group for 2017 is $275m, as reported in the Financial Statements. The FB for the Group for 2002 is $80m, as reported in the Financial Statements. Earlier Financial Statements could not be located. The fully franked dividends are as follows, for the years 2003 – 2017 respectively, drawn from the Dividends Note to the Financial Statements:

$51m, $322m, $392m, $556m, $685m, $765m, $412m, $351m, $315m, $399m, $475m, $710m*0.7, ($399m*0.8 + $414m*0.85), $828m*0.9, and $837m*0.9.

For the 2000-2017 period, the total multiplied by 3/7 is $3,167m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $3,361m.

<u>Amcor (Group)</u>

The FB for the Group for 2016 is zero, as reported in the Financial Statements (the 2017 Statements could not be located). The FB for the Group for 2000 is not reported in the Financial Statements but is presumably zero because the 2001 dividends are not fully franked. The fully franked dividends are as follows, for the years 2001 – 2016 respectively, drawn from the Dividends Note to the Financial Statements:

$88m, $103m, $120m, $106m, $98m, $55m, $23m, 0, 0, 0, 0, 0, 0, 0, 0, and 0.

For the 2000-2017 period, the total multiplied by 3/7 is $254m (*DIST*). The *TAX* is then *DIST* plus the growth in FB, which is $254m.

Aggregate

For the 2000-2017 period, aggregating over the values for *DIST* and *TAX* for these 20 companies, the results are $216,344m and $244,677m respectively, implying an aggregate distribution rate of 0.884.

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