

Hastings has adopted and operates under each of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations. To the extent that Hastings may not fully comply with a particular recommendation, the non-compliance is disclosed and explained in this Corporate Governance Statement.

## 1. Board of Directors

### 1.1 Board's role and responsibilities

Hastings is the Responsible Entity, Trustee and Manager of a number of funds. The Board of Hastings has the responsibility of managing and administering TAPS Trust (the Fund) for the benefit of the securityholders and is accountable to the securityholders for the performance of the Fund.

The Board has adopted a Charter and the full terms are available at [www.hfm.com.au](http://www.hfm.com.au). The Board had the following responsibilities and functions:

- consideration and approval of the strategy of Hastings and its funds;
- adoption of annual business plans and budgets;
- monitoring performance against agreed plans;
- delegation of authority to Management;
- establishment of and delegation to board sub-committees;
- monitoring significant business risks and their internal controls;
- consideration, approval and endorsement of major policies, including the Code of Conduct;
- capital structure;
- dividend declarations;
- approval of new debt, debt refinancing and retirement of debt;
- approval of financial statements;
- assessing its own performance and the performance of individual directors;
- appointing and, where appropriate, removing the Chief Executive Officer (CEO), Chief Financial Officer and the Company Secretary.

The Board has adopted a formal delegation of authority in favour of the CEO, Company Secretary and senior members of management to allow management to carry on the business of the Hastings and the Fund.

### 1.2 Composition of the Board and independence

The Board of Hastings comprises seven directors, three of whom are independent. During 2007 Westpac Banking Corporation, the owner of Hastings, reviewed the composition of the Board to ensure that it achieves a balance of skills, experience and knowledge to allow the directors to discharge their duties and responsibilities and to position Hastings for future growth.

- Liam Forde – Chairman: Following the retirement of Tim Poole, Hastings' Managing Director, on 15 June 2007, the Chairman of the Board was appointed Executive Chairman on an interim basis until a replacement CEO was appointed. The Board has assessed that whilst Liam was not independent between 15 June and 3 September when Steve Boulton commenced as CEO, owing to the short-term nature of the arrangement, Liam resumed his independent status from 3 September 2007.
- Steve Boulton – CEO: Steve was appointed with effect from 3 September and is an executive of Hastings and not independent.
- Mike Hutchinson: Mike is also a director of Australian Infrastructure Fund Limited (AIFL), which is a joint venture partnership with Hastings. The Board has formally assessed the independence status of Mike and resolved that he remains independent for the following reasons:
  - he is only one of several directors on the Board of Hastings, is a non-executive director and as such cannot unduly influence the Board's decision-making process;
  - he is a non-executive director of AIFL, only one of a number of directors on the AIFL Board and is remunerated by way of a fixed fee and not incentive arrangements;
  - he has disclosed his interest as a director of AIFL and always declines to vote on those matters where a potential conflict of interest arises between Hastings and AIFL; and
  - he has demonstrated personal integrity and independence in all his dealings with both Hastings and AIFL.
- Jim McDonald: Jim was appointed to the Board on 18 June 2007 and is an independent director.
- Alan Freer: Alan was appointed to the Board with effect from 1 September 2007. He is currently a consultant to Hastings and was formerly CEO of Epic Energy from 2004 to 2007. He is not independent.
- Jim Tate and Sean McElduff: Jim and Sean are employees of Westpac Banking Corporation and neither is independent.

The number of Board meetings held during the year and the number of meetings attended by each director is shown in the table below.

	HFML Board meetings			
	Scheduled meetings		Extraordinary meetings <sup>(1)</sup>	
	Meetings held while a director	Number of meetings attended	Meetings held while a director	Number of meetings attended
Liam Forde	9	9	6	6
Steve Boulton <sup>(2)</sup>	3	3	4	4
Alan Freer <sup>(3)</sup>	3	3	4	4
Mike Hutchinson	9	9	6	6
Jim McDonald <sup>(4)</sup>	5	5	4	3
Sean McElduff	9	9	6	4
Jim Tate	9	7	6	3
Tim Poole <sup>(5)</sup>	4	4	2	1

<sup>(1)</sup> Extraordinary meetings may be called at short notice. Even though every effort is made to schedule a meeting for all directors to attend, sometimes this is not possible.

<sup>(2)</sup> Steve Boulton was appointed with effect from September 2007.

<sup>(3)</sup> Alan Freer was appointed with effect from September 2007.

<sup>(4)</sup> Jim McDonald was appointed with effect from July 2007.

<sup>(5)</sup> Tim Poole retired on 15 June 2007.

Individual directors' details are set out on pages 8 to 9.

### 1.3 Nomination and remuneration of directors

Hastings has not established a nomination committee as the nomination, appointment and remuneration of its directors is determined by its sole shareholder, Westpac, in consultation with the Hastings' Board. All Hastings' directors participate in these consultations. Westpac's Nomination Committee approves the appointment of the non-executive directors and the remuneration of the external directors is determined by the Remuneration Committee of Westpac. Neither Hastings nor its employees are remunerated out of the property of the Fund.

### 1.4 Independent professional advice

After consultation with the Chairman, directors may seek independent professional advice at the expense of Hastings. Following its receipt, such advice would normally be made available to all directors.

### 1.5 Conflicts of interest

The directors are required to disclose any actual or potential conflicts of interest and to abstain from participating in any discussion or voting on any matter in which they have a material personal interest, except with the prior approval of the Board. Directors are also required to inform the Chairman of any proposed Board or executive appointments they are considering, to determine whether there is any actual or perceived conflict with the director's duties to the Fund or Hastings.

All related party transactions or potential conflicts of interest involving any director or any related parties of either the directors or Hastings, such as Westpac Banking Corporation, are disclosed. Hastings has established a related party sub-committee that considers all related party transactions. The sub-committee comprises any two directors excluding any Westpac or Hastings employee, and subject to those directors not having material personal interest in the matter being considered.

## 1.6 Review of Board performance

Following changes in the Board's composition in 2007, a performance review will be conducted during 2008.

## 1.7 Operation of the Board

The Board meets regularly and is provided with all necessary information to participate in an informed discussion of all agenda items. The Board also meets in the absence of management to discuss the operations of the Board and a range of other matters.

Hastings has an induction process for new directors, and directors are encouraged to update and enhance their skills and knowledge by funding appropriate training programs.

## 1.8 Company Secretary

The directors have unfettered access to the Company Secretary who is accountable to the Board on all governance matters. The Board is responsible for the appointment and removal of the Company Secretary.

## 2. Audit and Compliance Committee

The Board has established an Audit and Compliance Committee with a formal charter setting out its roles and responsibilities. The Charter is available for inspection on the Hastings website at [www.hfm.com.au](http://www.hfm.com.au).

The duties of the Audit and Compliance Committee include:

- reviewing the financial management and internal controls, including reviewing the financial statements and the adequacy of the scope and quality of the annual and half year statutory audits;
- monitoring the internal audit function;
- external audit, including the selection and appointment of the internal and external auditor;
- risk management; and
- monitoring compliance, including Fund compliance.

The Audit and Compliance Committee comprises three members, all non-executive, with the majority being independent. Since 23 July 2007, the Chairman of the committee is Mike Hutchinson, Alan Freer and Jim McDonald are members. Individual directors' details are set out on pages 8 to 9.

Following the review of the composition of the Audit and Compliance Committee last year, a performance review will be conducted later this calendar year.

All directors of the Board are entitled to attend the Committee meetings and are provided with copies of the Committee papers and all minutes. The Chairman of the Committee provides the Board with a verbal report following each Audit and Compliance Committee meeting.

The internal and external auditors, CEO, Chief Financial Officer, and Company Secretary and Head of Compliance attend by invitation.

The number of Audit and Compliance Committee meetings held during the year and the number of meetings attended by each member is shown in the table below.

## HFML Audit and Compliance Committee meetings

	Meetings held while a member of the Committee	Number of meetings attended
Liam Forde <sup>(1)</sup>	4	4
Alan Freer <sup>(2)</sup>	2	2
Mike Hutchinson	6	6
Jim McDonald <sup>(3)</sup>	2	2
Sean McElduff <sup>(4)</sup>	4	4

<sup>(1)</sup> Committee member until October 2007

<sup>(2)</sup> Committee member since October 2007

<sup>(3)</sup> Committee member since July 2007

<sup>(4)</sup> Committee member until July 2007

## 3. Risk management

The Audit and Compliance Committee monitors the risk management and compliance processes. The Committee reviews the processes in place for the identification, management and reporting of business and financial risk and reviews the reported findings. As part of this process, each year Hastings prepares and provides a representation letter to the Board. This representation letter addresses the compliance, legal and accounting requirements; risks (both financial and business); the nature, extent and effectiveness of risk management processes, internal compliance, accounting and internal control systems; and corporate conduct generally.

The CEO and Chief Financial Officer of Hastings have made the following certifications to the Board that:

- TAPS Trust's financial report presents a true and fair view, in all material respects, of the Fund's financial condition and operational results, and is in accordance with relevant accounting standards;
- there is a sound system of risk management and internal compliance and control; and
- Hastings' risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

## 4. Disclosure and transparency

### 4.1 Communication with securityholders

The Board is committed to effective communication with securityholders to ensure that they are kept fully informed of all information necessary to assess the performance of the Fund.

Information is communicated via:

- Members' briefing at which Hastings' Management and the external auditor are available to respond to securityholders questions;
- the Annual Report;
- ASX announcements; and
- Hastings' website at [www.hfm.com.au](http://www.hfm.com.au).

### 4.2 Continuous Disclosure

The Board has adopted a Continuous Disclosure Policy to ensure that Hastings meets its Listing Rule obligations and to ensure accountability by senior Management for compliance. A copy of the Continuous Disclosure Policy is available at [www.hfm.com.au](http://www.hfm.com.au).

## 4.3 Insider trading

The Board has adopted a policy on trading in securities. The policy specifies the periods during which all directors and employees of Hastings can purchase and sell securities in TAPS Trust, and the authorisation procedure. A copy of the Trading Policy is available at [www.hfm.com.au](http://www.hfm.com.au).

## 4.4 Code of Conduct

Hastings is committed to the highest standards of ethical conduct and has adopted a Code of Conduct setting out acceptable standards of behaviour. The Code of Conduct is designed to promote ethical and responsible decision-making. The Code applies without exception to all directors, executives, management and employees, and is aligned with Hastings' core values of teamwork, integrity and achievement. The Code sets out seven foundation principles that govern our conduct and the behaviours which stakeholders can expect from us, namely:

- act with honesty and integrity;
- respect the law and act accordingly;
- respect confidentiality and do not misuse information;
- value and maintain professionalism;
- act as a team;
- manage conflicts of interest responsibly; and
- strive to be a good corporate citizen and achieve community respect.

A full copy of the Code of Conduct is available at [www.hfm.com.au](http://www.hfm.com.au).

## 5. Auditor independence

PricewaterhouseCoopers was appointed the external auditor of the Fund during the year. The Audit Partner is invited to attend Audit and Compliance Committee meetings. The Board has adopted a policy in relation to the provision of non-audit services by its auditor that might detract from the auditor's independence and impartiality or be perceived as doing so. Specifically, it has been determined that the external auditor should not provide the following services to Hastings:

- independent valuations of assets for the purpose of determining the value of assets owned by the Fund;
- taxation services related to the acquisition of a new asset for the Fund where fees are success based; and
- bookkeeping or other services related to accounting records or financial statements of the Fund.

## 6. Remuneration framework

Details of amounts paid to Hastings as Responsible Entity of the Fund are disclosed in the related party note contained in the financial reports included in this Annual Report. Hastings is paid a management fee in accordance with the terms of the Fund's constitution. Hastings' directors and employees are not remunerated out of the property of the Fund.