

Notes to the Financial Statements (continued)

18. Financial risk management (continued)

(c) Hedge Relationships (continued)

Table K describes our hedge relationships where offshore loans and promissory notes are used as the hedging instruments. These hedging instruments are used to hedge our net foreign investment in TelstraClear Limited. Outlined in the following table is the pre hedge underlying exposure, the face value of the hedging instruments (New Zealand denominated borrowings and promissory notes) and the end post hedge position and is represented in our residual economic position as described in note 17 Table D.

	Non-derivative hedging instruments					
	Face value					
	Hedged amount (i)		Offshore loans and promissory notes (ii)			
	New Zealand dollars		New Zealand dollars (payable)		Australian dollars (payable)	
	2012	2011	2012	2011	2012	2011
	\$m	\$m	\$m	\$m	\$m	\$m
Net foreign investments						
TelstraClear Ltd (New Zealand dollars)	609	609	(609)	(609)	(477)	(470)

(i) Amount hedged represents portion of carrying value of net assets.

(ii) At 30 June 2012 the face value in Australian dollars of offshore loans was \$200 million (2011: \$274 million) and the face value in Australian dollars of promissory notes was \$277 million (2011: \$196 million).