

**TRADE PRACTICES ACT 1974****UNDERTAKING TO THE AUSTRALIAN COMPETITION AND  
CONSUMER COMMISSION GIVEN FOR THE PURPOSES OF  
SECTION 87B****BY****HAGEMEYER ASIA PACIFIC PTY LIMITED  
(ACN 080 350 812)****PERSON GIVING UNDERTAKING**

1. This Undertaking is given to the Australian Competition and Consumer Commission ("**the Commission**") by Hagemeyer Asia Pacific Pty Limited ACN 080 350 812 ("**Hagemeyer**") of Level 17, 201 Miller Street, North Sydney in the State of New South Wales under section 87B of the *Trade Practices Act 1974* ("**TPA**").

**BACKGROUND**

2. Hagemeyer is a company incorporated in the State of New South Wales and carries on business as a distributor of electrical products under the names of *Lawrence & Hanson* and *Auslec*.
3. Between 1 October 2005 and 30 November 2005 Hagemeyer made an offer ("**the offer**") to licensed electrical contractors who held an account with *Lawrence & Hanson* or *Auslec* ("**Eligible Account Holders**"). Hagemeyer offered Eligible Account Holders who spent \$1250 (excluding GST) at Hagemeyer's *Lawrence & Hanson* and *Auslec* stores on products advertised in the October/November 2005 issue of "*The Electrical Contractor*" magazine published by Hagemeyer a free 26" bicycle with Shimano gears.
4. Between 1 October 2005 and about 30 November 2005 Hagemeyer supplied throughout Australia approximately 807 units of a particular 26" mountain bicycle with Shimano gears branded as *Lawrence & Hanson* ("**the bicycle**") to Eligible Account Holders who met the terms of the offer .
5. Between 1 October 2005 and about May 2006 Hagemeyer also supplied:
  - (i) approximately 25 units of the bicycle to customers as gifts;
  - (ii) 5 units of the bicycle to Hagemeyer staff members as gifts; and
  - (iii) a further 14 units of the bicycle to Hagemeyer staff members at a price of approximately \$112.00.
6. Hagemeyer has the names, addresses and phone numbers of all staff members to whom it supplied the bicycle and the company names, addresses and phone numbers of all but approximately 6 of its customers to whom it supplied the bicycle. The customers to whom Hagemeyer supplied the bicycle and who Hagemeyer does not have the names, addresses and phone number of were

supplied with the bicycle by one of the *Lawrence & Hanson* or *Auslec* stores listed in “**Annexure D**”.

7. The bicycle was supplied unassembled by Hagemeyer to its customers and staff members.
8. In April 2006 the Commission received a complaint in connection with one of the bicycles supplied by Hagemeyer.
9. On 28 April 2006 the Commission sent a letter to Hagemeyer in respect of the complaint and requested certain information from Hagemeyer. Hagemeyer subsequently provided the information requested by the Commission.
10. Hagemeyer later provided to the Commission at the Commission’s request a sample of the bicycle which Hagemeyer supplied to consumers (“**the sample bicycle**”). The sample bicycle was supplied to the Commission unassembled.
11. The Commission requested an independent testing authority, HRL Technology Pty Ltd (“**HRL**”), to assemble the sample bicycle and inspect it to determine whether on a visual inspection of the sample bicycle it was able to identify anything that might place the bicycle at risk of not complying with Australian/New Zealand Standard *AS/NZS 1927:1998 Pedal bicycles – Safety requirements* published by Standards Australia/Standards New Zealand on 5 September 1998 (“**the bicycle standard**”).
12. HRL assembled the sample bicycle and from a visual inspection of the bicycle identified that it failed to comply with the bicycle standard in the following respects.
  - (a) The bicycle was not marked with the name and address in Australia of either the manufacturer, importer or other supplier of the bicycle in breach of clause 1.5(a) of the bicycle standard.
  - (b) The consumer package in which the bicycle was supplied did not, as required by clause 1.6.4 of the bicycle standard, have:
    - (i) printed on its outside certain information requiring that parts should be assembled in accordance with the manufacturer’s instructions and a list of components that were detached from the frame followed by a list of tools necessary to properly accomplish assembly and adjustment; and
    - (ii) attached to it the following warning message:

**‘WARNING: IN THE INTERESTS OF SAFETY IT IS RECOMMENDED THAT YOU HAVE THIS BICYCLE ASSEMBLED BY A SKILLED BICYCLE MECHANIC.’**
  - (c) The bicycle was not marked with the following warning as required by clause 1.6.5 of the bicycle standard:

**‘WARNING: THIS BICYCLE IS NOT DESIGNED FOR OFF-ROAD USE OR FOR STUNTING.’**

- (d) The two handbrakes of the bicycle were located on the wrong sides of the handlebar in breach of clause 2.14.2.1 of the bicycle standard.
  - (e) The handbrake lever mechanisms of the bicycle were not, as required by clause 2.14.2.2 of the bicycle standard, attached to the handlebars in a position that was readily accessible to a rider in the normal riding position. Furthermore, the means by which the handbrake levers of the bicycle were attached to the handlebars did not, as required by clause 2.14.2.2 of the bicycle standard, meet the requirements of Paragraph D4 of Appendix D of the bicycle standard.
  - (f) The bicycle was not provided with adequate assembly, use and maintenance instructions in breach of clauses 1.7 and 3.1 of the bicycle standard.
13. Section 65C of the TPA prohibits a corporation in trade or commerce from supplying goods that are intended to be used, or are of a kind likely to be used, by a consumer if the goods are of a kind in respect of which there is a prescribed consumer product safety standard and which do not comply with the standard.
14. On 1 November 2004 the Parliamentary Secretary to the Treasurer declared The Australian/New Zealand Standard *AS/NZS 1927:1998 Pedal Bicycles-Safety requirements* published by Standards Australia/Standards New Zealand on 5 September 1998, subject to certain variations (“**the prescribed standard**”), to be a prescribed consumer product safety standard for pedal bicycles for the purposes of section 65C of the TPA.
15. The Commission is concerned that Hagemeyer contravened section 65C of the TPA by supplying bicycles that did not comply with the prescribed standard.
16. In response to the Commission’s concerns, Hagemeyer has offered to give this Undertaking in the terms set out below to the Commission for the purposes of section 87B of the TPA.

**COMMENCEMENT OF UNDERTAKING**

17. This Undertaking comes into effect when:
- (a) the Undertaking is executed by Hagemeyer; and
  - (b) the Commission accepts this Undertaking so executed by Hagemeyer.

**UNDERTAKINGS**

18. Hagemeyer hereby undertakes for the purposes of section 87B of the TPA that:

- (a) it will not in trade or commerce supply pedal bicycles that do not comply with the prescribed standard;
- (b) within 14 days of this Undertaking coming into effect, it will provide to the Commission a list of the names, addresses and phone numbers which have been provided to Hagemeyer, of the customers and staff members to whom Hagemeyer supplied the bicycles. This list will indicate, to the best of Hagemeyer's knowledge, whether the bicycle was supplied as part of the offer, as a gift or sold to the staff member/customer;
- (c) within 14 days of this Undertaking coming into effect, it will send a letter in the form and terms of "**Annexure A**" to all customers and staff members who were supplied by Hagemeyer with the bicycle as part of the offer or as a gift, being customers or staff members for whom Hagemeyer has address details;
- (d) within 14 days of this Undertaking coming into effect, it will send a letter in the form and terms of "**Annexure B**" to all Hagemeyer staff members to whom Hagemeyer sold the bicycle.
- (e) within 14 days of this Undertaking coming into effect, it will prominently display in the *Auslec* and *Lawrence and Hanson* stores listed in "**Annexure D**", for a period of 3 months, a notice in the form and terms of "**Annexure C**". Such notice will be of at least an A4 size and in text which is in a type not less than 16 point size print with the heading in bold text of not less than 36 point size print;
- (f) it will insert in the October 2006 edition of the *Electrical Contractor* magazine which it publishes, a notice in the form and terms of "**Annexure C**". This notice will be at least 12cm wide and 15cm long and in text which is in a type not less than 12 point size print with the heading in bold text of not less than 14 point size print;
- (g) it will provide each customer or staff member who has been supplied with the bicycle by Hagemeyer as part of the offer or as a gift, and who returns the bicycle to Hagemeyer, a bicycle of equivalent value as the bicycle and which is sourced by Hagemeyer from an Australian distributor which supplies bicycles to the Australian market ("**the replacement bicycle**"). Prior to providing the replacement bicycle Hagemeyer will obtain from the company that supplied it with the replacement bicycle:
  - (i) written advice that the replacement bicycle complies with the prescribed standard; and
  - (ii) written details in support of that claim;
- (h) it will make all reasonable endeavours to supply to each customer or staff member who has been supplied with the bicycle by Hagemeyer as part of the offer or as a gift and who returns the bicycle to Hagemeyer, a replacement bicycle within 14 days of the customer or staff member returning the bicycle to Hagemeyer. In the event that Hagemeyer has not

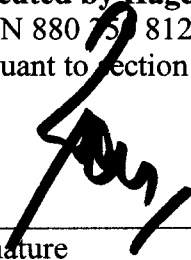
supplied a customer or staff member with a replacement bicycle within 60 days of the bicycle being returned to Hagemeyer, Hagemeyer will supply:

- (i) the customer with a \$600 credit on its Hagemeyer account; or
  - (ii) the staff member with a \$600 gift voucher for a bicycle retail outlet;
- (i) it will refund to each staff member who purchased the bicycle from Hagemeyer the price paid by the staff member for the bicycle within 10 days after the bicycle is returned by the staff member to Hagemeyer;
  - (j) it will compensate each customer or staff member who has been supplied with the bicycle by Hagemeyer and who returns the bicycle to Hagemeyer, for the reasonable costs which that customer or staff member incurs in respect of returning the bicycle to Hagemeyer. This compensation will be made within 10 days of Hagemeyer receiving from that customer or staff member a letter setting out those costs and providing receipts in respect of payment for those costs;
  - (k) within one month of this Undertaking coming into effect, it will implement and maintain for a period of 3 years procedures aimed at ensuring that all products that it supplies that are subject to a prescribed consumer product safety standard or prescribed consumer product information standard under the TPA, comply with the relevant standard; and
  - (l) within one month following the first anniversary of this Undertaking coming into effect, it will inform the Commission in writing of the procedures that it has in place aimed at ensuring that any products that it supplies that are subject to a prescribed consumer product safety standard or prescribed consumer product information standard under the TPA comply with the relevant standard.

## **ACKNOWLEDGMENTS**

- 19. Hagemeyer acknowledges that the Commission will make this Undertaking available for public inspection.
- 20. Hagemeyer further acknowledges that the Commission will from time to time publicly refer to this Undertaking.
- 21. Hagemeyer further acknowledges that this Undertaking in no way derogates from the rights and remedies available to any other person other than the Commission from the alleged conduct.

Executed by Hagemeyer Asia Pacific Pty Limited )  
(ACN 880 751 812) by its authorised officers )  
pursuant to section 127(1) of the Corporations Act 2001 )


  
\_\_\_\_\_  
Signature

**Robin Norris**  
\_\_\_\_\_  
Print name

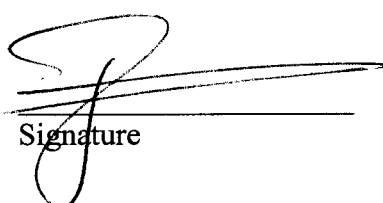
**CEO**  
\_\_\_\_\_  
Office held

This **17<sup>th</sup>** day of **August** 2006

**ACCEPTED BY THE AUSTRALIAN COMPETITION AND CONSUMER  
COMMISSION PURSUANT TO SECTION 87B OF THE TRADE  
PRACTICES ACT 1974**

  
\_\_\_\_\_  
Graeme Julian Samuel  
Chairman

This **29<sup>th</sup>** day of **August** 2006

  
\_\_\_\_\_  
Signature

**Joop Standaert**  
\_\_\_\_\_  
Print name

**CFO**  
\_\_\_\_\_  
Office held

## ANNEXURE A

[on letterhead of Hagemeyer Asia Pacific Pty Limited]

Dear [insert name of addressee]

### Product Safety Recall of Lawrence & Hanson Bicycle

Between October 2005 and about May 2006 Hagemeyer Asia Pacific Pty Limited supplied some its customers, including you, with a black coloured 26" *Lawrence & Hanson* branded mountain bicycle.

The Australian Competition and Consumer Commission ("ACCC") has drawn Hagemeyer's attention to the fact that the bicycle does not comply with the mandatory product safety standard for pedal bicycles ("the mandatory standard").

Based on a visual inspection of the bicycle, the bicycle was found to not comply with the mandatory standard in the following respects:

Issue	Description
Lack of importer details and warning label on bicycle	The bicycle was not marked with the appropriate importer details or a warning label advising: 'WARNING: THIS BICYCLE IS NOT DESIGNED FOR OFF- ROAD USE OR FOR STUNTING.'
Lack of warning label on packaging	The consumer package in which the bicycle was supplied was not appropriately labeled advising that it contained a partially assembled bicycle requiring the attachment of parts in accordance with the manufacturer's instructions. It also did not feature a list of the components detached from the frame and a list of the required tools for assembly or a warning saying: 'WARNING: IN THE INTERESTS OF SAFETY IT IS RECOMMENDED THAT YOU HAVE THIS BICYCLE ASSEMBLED BY A SKILLED BICYCLE MECHANIC.'
Lack of adequate instructions	The bicycle was not supplied with adequate instructions for its assembly, maintenance and use.
Handbrakes located in the wrong position and not appropriately attached	The two handbrakes of the bicycle were each located on the wrong sides of the handlebar. The handbrakes were also not fixed in a position that was readily accessible to the rider and were not appropriately attached to the handlebars.

No tests have been conducted in respect of the bicycle to determine whether the bicycle complies with certain requirements of the mandatory standard dealing with the design and performance of a bicycle. Accordingly, the bicycle may also not comply with the mandatory standard in ways other than those outlined above.

Hagemeyer is now recalling the bicycle. The bicycle should be returned to any *Lawrence & Hanson* or *Auslec* store. Hagemeyer will in return organise to:

- provide you with a bicycle which complies with the mandatory standard and which is of equivalent value to the bicycle which Hagemeyer previously supplied to you; and
- compensate you for the reasonable costs which you incur in respect of returning the bicycle. In order to receive such compensation, you will need to provide a letter advising of the costs which you incur in respect of returning the bicycle and provide receipts for payments of those costs. Please contact the Hagemeyer Customer Service Centre on 1300 300 254 for further advice about this.

You should not ride the bicycle and you should ensure that no-one else rides it.

Hagemeyer is taking this remedial action as part of a court enforceable undertaking provided to the ACCC.

If you require more information, please contact the Hagemeyer Customer Service Centre on 1300 300 254

Yours sincerely

**Hagemeyer Asia Pacific**



## ANNEXURE B

[on letterhead of Hagemeyer Asia Pacific Pty Limited]

Dear [insert name of addressee]

### Product Safety Recall of Lawrence & Hanson Bicycle

Between October 2005 and about May 2006 Hagemeyer Asia Pacific Pty Limited supplied some of its customers and staff members, including you, with a black coloured 26" *Lawrence & Hanson* branded mountain bicycle.

The Australian Competition and Consumer Commission ("ACCC") has drawn Hagemeyer's attention to the fact that the bicycle does not comply with the mandatory product safety standard for pedal bicycles ("the mandatory standard").

Based on a visual inspection of the bicycle, the bicycle was found to not comply with the mandatory standard in the following respects:

Issue	Description
Lack of importer details and warning label on bicycle	The bicycle was not marked with the appropriate importer details or a warning label advising: 'WARNING: THIS BICYCLE IS NOT DESIGNED FOR OFF- ROAD USE OR FOR STUNTING.'
Lack of warning label on packaging	The consumer package in which the bicycle was supplied was not appropriately labeled advising that it contained a partially assembled bicycle requiring the attachment of parts in accordance with the manufacturer's instructions. It also did not feature a list of the components detached from the frame ,and a list of the required tools for assembly or a warning saying: 'WARNING: IN THE INTERESTS OF SAFETY IT IS RECOMMENDED THAT YOU HAVE THIS BICYCLE ASSEMBLED BY A SKILLED BICYCLE MECHANIC.'
Lack of adequate instructions	The bicycle was not supplied with adequate instructions for its assembly, maintenance and use.
Handbrakes located in the wrong position and not appropriately attached	The two handbrakes of the bicycle were each located on the wrong sides of the handlebar. The handbrakes were also not fixed in a position that was readily accessible to the rider and were not appropriately attached to the handlebars.

No tests have been conducted in respect of the bicycle to determine whether the bicycle complies with certain requirements of the mandatory standard dealing with the design and performance of a bicycle. Accordingly, the bicycle may also not comply with the mandatory standard in ways other than those outlined above.

Hagemeyer is now recalling the bicycle. The bicycle should be returned to any *Lawrence & Hanson* or *Auslec* store. Upon return of the bicycle Hagemeyer will provide you with a cheque for *[\$insert the amount that the addressee paid to purchase the bicycle]* being the amount which you paid to purchase the bicycle. Hagemeyer will also compensate you for the reasonable costs which you incur in respect of returning the bicycle. In order to receive such compensation, you will need to provide a letter advising of the costs which you incur in respect of returning the bicycle and provide receipts for payments of those costs. Please contact the Hagemeyer Customer Service Centre on 1300 300 254 for further advice about this.

You should not ride the bicycle and you should ensure that no-one else rides it.

Hagemeyer is taking this remedial action as part of a court enforceable undertaking provided to the ACCC.

If you require more information, please contact the Hagemeyer Customer Service Centre on 1300 300 254.

Yours sincerely

**Hagemeyer Asia Pacific**

## ANNEXURE C

[To be included in a hatched border with safety triangle in the upper left-hand corner]

# Product Safety Recall

## LAWRENCE & HANSON BICYCLE

Between October 2005 and about May 2006 Hagemeyer Asia Pacific Pty Limited supplied to consumers as part of its promotional activities a black coloured 26" *Lawrence & Hanson* branded mountain bicycle.

The bicycles supplied did not comply with the mandatory product safety standard for pedal bicycles in a number of respects, in particular:

- there was a lack of warning labels on the bicycle and its packaging;
- the bicycle was not provided with adequate instructions for its assembly, maintenance and use; and
- the handbrakes of the bicycle were located on the wrong sides of the handlebar.

Accordingly, Hagemeyer is recalling the bicycles. If you have been supplied the bicycle you should not ride the bicycle and you should ensure that no-one else rides it. The bicycle should be returned to any *Lawrence & Hanson* or *Auslec* store. Hagemeyer will in return organize to provide you with a bicycle which complies with the mandatory standard and which is of equivalent value to the bicycle which Hagemeyer previously supplied to you. Hagemeyer will also compensate you for the reasonable costs which you incur in returning the bicycle. In order to receive compensation you will need to provide Hagemeyer with a letter advising of the costs which you incur in returning the bicycle and provide receipts for payment of those costs. Please contact the Hagemeyer Customer Service Centre on 1300 300 254 for further advice about this.

Hagemeyer is taking this remedial action as part of a court enforceable undertaking provided to the Australian Competition and Consumer Commission. If you require more information please contact the **Hagemeyer Customer Service Centre on 1300 300 254**

**See [www.recalls.gov.au](http://www.recalls.gov.au) for Australian Product Recall Information**

## ANNEXURE D

Brand Name	Address
LAWRENCE & HANSON	UNIT 1, 95-97 MATTHEWS AVENUE, AIRPORT WEST, VIC 3042
LAWRENCE & HANSON	410 NEWMAN ROAD, GEEBUNG, QLD 4034
LAWRENCE & HANSON	UNIT 4, 3 BARRIER STREET, FYSCHWICK ACT 2609