



8 April 2010

Our Ref: OBR:RT:KS:091388
Partner: Owen Ratner
Contact: Ray Travers
Email: r.travers@pigott.com.au

The Hon John Ajaka MLC
Committee Chair
Select Committee on the NSW Taxi Industry
Legislative Council
Parliament House NSW
Macquarie Street
SYDNEY NSW 2000

By post and facsimile: 9230 2981

Dear Mr Ajaka

Re: Inquiry into the NSW Taxi Industry

We are instructed to write to you as Committee Chair of the Select Committee on the NSW Taxi Industry concerning an aspect of the questioning of Mr Kermode by the Honourable Trevor Khan, when Mr Kermode appeared on Wednesday 31 March 2010.

As you are aware Mr Kermode was subjected to intense and aggressive questioning from Mr Khan.

In the course of his interrogation of Mr Kermode the following exchange took place between Mr Kermode and Mr Khan.

“The Hon. TREVOR KHAN: All right. He is so complimentary of view, is he not, that on 8 February 2008 in a Stateline program, he said this, when referring to Macquarie Bank’s attempt to get into the taxi industry:

....

The Hon. TREVOR KHAN: In that same interview - I will table the transcript in a second – you are quoted as saying, in response to a question from Nick Grimm –

Mr KERMODE: I am or he is.

The Hon TREVOR KHAN: I will read out the question as well as the answer.

NICK GRIMM: In fact, Cabcharge has a stranglehold over the electronic payment system used in almost every taxi on the roads. In order to accept Cabcharge

payments, taxi operators have little choice but to carry Cabcharge's own EFTPOS terminal.

Cabcharge then takes a 10 per cent cut of every fare, including those paid with other types of credit. It's a lucrative arrangement.

And you say, it is reported:

REG KERMODE, EXECUTIVE CHAIRMAN, CABCHARGE: Well I would have to humbly submit that a 600 per cent growth in seven short years, means that at least in terms of running taxi businesses, we are the experts.

Mr Kermode, you are more than the experts: you are the pillager of the industry, are you not?" (page 17 of the transcript).

In fact the basis of Mr Khan's question to Mr Kermode was false and this should have been apparent to Mr Khan. At a later point in the transcript of the Stateline program Mr Grimm stated:

"Stateline sought an interview with Mr Kermode of Cabcharge for this story, but we were referred instead to Howard Harrison, CEO of the NSW Taxi Council."

We are instructed that the comments of Mr Kermode recorded in the transcript which Mr Khan quoted and categorised as being in answer to the question from Mr Grimm were in fact contained in a cut to a recording of a statement given by Mr Kermode in an address that he had earlier made to the market concerning the performance of Cabcharge.

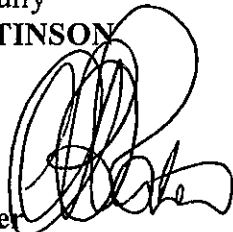
Our client has no objection in principle to rigorous questioning concerning his involvement in the taxi industry. However if a member of your Committee chooses to put to Mr Kermode that he is "the pillager of the industry" then at the very least it is incumbent on that member to make absolutely sure that the facts on which such a question is based are correct.

We submit that it serves the standing of the Committee poorly for a witness to be put in the invidious position of having to answer a question based on a false premise, especially when the question is as offensive as the one put by Mr Khan to Mr Kermode.

Our client seeks an apology from Mr Khan in relation to this matter and for the record of the Committee to be corrected.

Yours faithfully

PIGOTT STINSON



Owen Ratner
Partner