

Mayor gave \$1.3m deal to quarry linked to his cousins, Noel and Gerhardt Pearson

North Queensland council locked in dispute with rival quarry operator, which says it was overlooked in 'unfair' process

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6 January 2017

A north Queensland mayor has come under fire over a \$1.3m contract his council awarded to a quarry linked to his cousins, the Indigenous leaders Noel and Gerhardt Pearson, which then hired his nephews on his recommendation.

The Hope Vale Aboriginal shire council mayor, Greg McLean, is locked in a bitter dispute with a rival quarry operator owned by local traditional owners, who claim they were excluded from the council's second most lucrative contract in a process that was "biased and unfair".

The supply of gravel for council roads had been a source of royalties and jobs for Dhuppiwarra and Thiithaar traditional owners since their Nambal Resources and Quarries took over two quarries less than 10km from Hope Vale in 2015.

But last May the council overlooked Nambal in favour of a quarry 120km away at Lakeland, which is partly owned by Cape York Aboriginal Corporation Pty Ltd, of which Gerhardt Pearson is a director and Noel Pearson a former shareholder. However, Noel Pearson told Guardian Australia that it was unfair to link him to Cape York Aboriginal Corporation as he had resigned as a shareholder three years ago.

A Nambal director, Harry Bowen, said his company had been forced to sack and lay off workers, and the loss of council supply work had been a "very significant" blow to local traditional owners, who had hoped to earn millions in royalties in the coming years.

Bowen said the process represented "a personal attack from the mayor", whose family links to the rival gravel business showed it was "totally unfair".

"That negotiation with the contract should have been awarded to us because we were the closest company," he said. "We had the resources, the machinery, the men – we would have got the job done."

He said he did not understand why a company associated with Cape York Aboriginal Corporation would compete with local traditional owners for the work.

McLean and the council's chief executive, Steven Linnane, defended the tender process, saying Nambal's bid was ineligible because it missed the deadline by half an hour.

The mayor conceded he should have declared a potential conflict of interest over his cousins' link to the Lakeland quarry when voting to award the contract, but said he had not done so because he did not know about the connection.

"I'm honestly going to tell you that I didn't know they had a share in this – and I'll be talking to Noel on Friday so this is one of the things that I'll be bringing up with him," McLean said. "Without a question, I would have vacated [myself from the council vote] ... I would have declared my interest, like all my decisions in council."

McLean said he had remained unaware of that family link even after Gerhardt Pearson contacted him to seek recommendations for two workers at the quarry. "Who would have thought that they got a share in that? And how come they're not bloody employing me out there? I'm entitled to a bloody second job too."

He put forward his nephews Dylan Nipper and Cheston McLean, who began work at the quarry on 31 July.

Asked about the perception of personally arranging positions for relatives just months after the quarry became a major council contractor, McLean said: "I treat everyone the same even if they are my relative – if they're looking for work, I give them work."

Rumours about the Pearsons' link to the quarry surfaced in the months after the contract was awarded. But McLean and Nambal said they had been unaware of the exact trail of ownership until Guardian Australia confirmed the link this week.

In August, Gerhardt Pearson emailed the then council chief executive, Ross Higgins, to deny "allegations that I, and or my family have material interest in the Lakeland Downs Quarry business".

"I confirm this is not the case. An Asic [Australian Securities and Investments Commission] search will put this to rest," he said.

Asic searches by Guardian Australia show the quarry is run by Jones Mobile Crushing & Screening, which is part-owned by Cape York Aboriginal Corporation, of which Gerhardt is a director and Noel a former shareholder. Cape York Aboriginal Corporation is trustee for the Cape York Aboriginal Charitable Trust, the main non-profit arm in the group of Cape York companies.

Gerhardt Pearson told Guardian Australia that shares in the trust were "non-beneficial, which prohibits individuals to hold shares for personal benefit".

"Our work is precisely to advantage people to get jobs and greater access to enterprise opportunities," he said.

Nambal is considering taking legal action over the contract, citing legal advice that the tender process breached a local government regulation dictating a 21-day window for big contract bids.

But Linnane has rejected this, saying a state ombudsman and lawyers from Queensland's department of local government have assessed the matter and accepted the council's position. He says the council would be vulnerable to legal action by other bidders if it had accepted Nambal's "non-conforming" bid.

McLean has gone further, slamming Nambal's tender bid as "not even fucking professional".

"Of course, if they'd put it in on time, we would have favoured it by far," he said. "If they were on time, mate, I would have given it in a damn hurry. They would have got it."

But now, "I'd have to die for them to get a contract anywhere in Hope Vale, while my black arse points to the ground, mate," he said.

He indicated that he was furious at Nambal for questioning the council decision, including a complaint to Queensland's local government minister, Jackie Trad.

He described Nambal representatives as "fleas on a dog", challenging them to "grow some fucking balls" by speaking to him directly.

In McLean's time as mayor, the council has fought previous legal battles with the traditional owners group behind Nambal, the Hopevale Congress Aboriginal Corporation.

It took the corporation to the supreme court over the transfer of local land to the traditional owners' charitable trust in 2009 and lost, and the council was ordered in 2011 to pay about \$200,000 in legal costs.

Cape York Aboriginal Corporation owns 10% of Lakeland quarry, and the rest is held by a Sydney-based company, Hastings R E Pty Ltd.

Its beneficiary, the Cape York Aboriginal Charitable Trust, funds programs to support small business development, land tenure resolution and job skills training in remote Indigenous communities across the Cape.