

Forrest pledged \$3m to help Pearson take over Djarragun College

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MINING magnate Andrew Forrest promised Aboriginal leader Noel Pearson up to \$3 million to keep the doors open at Djarragun College, the indigenous school under police investigation for alleged fraud of taxpayer funds.

For the first time, The Australian can reveal behind-the-scenes details of Mr Pearson's bid to rescue the troubled far north Queensland institution last year, after it became mired in debt and an audit found it had wrongly claimed millions in government funding for 250 "phantom" students over three years.

The Australian understands the Queensland Police fraud investigation into Djarragun is on track to be finalised next month.

It has scrutinised the actions of the school's previous administration, but former principal Jean Illingworth has consistently denied any wrongdoing.

Mr Pearson's Cape York Partnerships organisation cited a four-line email from Mr Forrest, the chairman of Fortescue Metals Group, as part of its case to convince the Queensland authorities to allow the school to be taken over from the Anglican Church.

"Noel, mate," the July 3 email from Mr Forrest to Mr Pearson reads, "I'm happy for you to announce our intention to underwrite subject to a detailed due diligence'. We can't do more than that -- until we study it. I will always support you where ever I can."

The CYP submission acknowledged Djarragun needed an injection of \$2m to "secure operations" to the end of this year, and said Mr Forrest had pledged up to \$3m, subject to CYP's acquisition of the school's two campuses.

A spokesman for Mr Forrest confirmed the magnate and his wife's philanthropic body, the Australian Children's Trust, made a "substantial pledge of support" for Djarragun last year.

Mr Forrest's offer of financial support has not yet been called on. A Djarragun spokesman confirmed it was funding from the Macquarie Bank's philanthropic arm that resolved the "cashflow problems" facing the school at the end of last year.

Macquarie Bank's first CEO, Tony Berg, was a director of Djarragun College Ltd until September last year and sought to help the college after becoming aware of the alleged fraud. The Macquarie Bank Foundation gave nearly \$3m to Mr Pearson's Cape York Institute in 2008 for a high school scholarships fund.

The Australian understands the foundation allowed Mr Pearson to use some of that money as a short-term ``bridging finance" loan for Djarragun, but is expecting it to be repaid to the scholarships fund.