



BEEAR

MARK CARNEGIE IS NOT YOUR AVERAGE INVESTMENT BANKER. HE HAS CALLED FOR HIGHER TAXES FOR THE RICH, FOR A START. THEN THERE IS THE EXPLETIVE-LADEN NEGOTIATION STYLE. HE TALKS TO **DAVID LESER** ABOUT ANGER, EQUALITY, MONEY AND FAMILY.

PHOTOGRAPH BY **TIM BAUER**

THIS IS HOW CORPORATE POWER SOMETIMES REVEALS ITSELF WHEN YOU'RE the smartest and most aggressive guy in the room. Three business executives are seated at a long table inside the Australian boardroom of Lazard, one of the most venerable investment banks in the world. The room is framed by glorious, sweeping views of Sydney Harbour and the Opera House. Across the table from the three businessmen are two investment tyros from Britain, Simon Franks and Dean Dorrell, both of whom have been invited to the meeting by investment banker and senior adviser to Lazard, Mark Carnegie.

The Brits are experts in buying and turning around distressed businesses and Carnegie wants them here today, ostensibly to offer some restructuring advice to the three men who are about to be hit by a freight train.

Carnegie has poured considerable money into the three men's light-engineering firm and their venture is now in deep trouble.

Suddenly, the tall, dark wooden doors fly open and in walks the hulking figure of Carnegie. He offers no greeting, sits down at the table alongside the two Englishmen, glares at the chief executive facing him and lets loose: "MATE, YOU'RE F...ED. YOU'RE F...ED. I'M NOT HAVING ANY MORE OF IT. IT'S OVER. YOU'RE OUT. YOU'RE HOPELESS. YOU'RE F...ED."

The blood collectively drains from all three faces, and the chief executive is practically in tears. Carnegie pounds the table, stands up, storms out of the room and slams the heavy doors, causing the entire room to shudder. The meeting has lasted less than 30 seconds.

Simon Franks wishes he'd videoed the scene. "I was always considered to be the more fly-off-the-handle guy," he says, "but Mark makes me blush. He's the Ali G of business. I've been at [subsequent] meetings where I've cringed ... like, 'I can't believe he said that.'"

Dean Dorrell, now managing director of Carnegie's new venture-capital-raising business, M. H. Carnegie & Co, says, "My immediate interpretation was I wondered if Mark was all there, but then I wondered whether he'd just used us totally for effect."

For years, stories have circulated through the corridors of corporate Australia about the colourful, obscenity-filled language of one of Australia's most intriguing, successful and polarising business figures. "He's a terrorist," says one person who declined to be identified. "You'd never take him into a meeting."

John Singleton, Carnegie's business partner for more than 20 years, says, "I'm seen to have an expletive-laden vocabulary but compared to Mark I'm a choirboy. He's like a bear. You wake it up and it's angry. Mark would rather be eating fine food or drinking fine wine with fine company, listening to fine music, so if you're going to make him talk about something like privatising

IN THE BOARDROOM

the ferries [a venture Singleton and Carnegie once considered], he's going to get angry."

Singleton then offers a fair impersonation of a talking bear with a sore head: "F...ing ferries, f...ing transport c...s. They don't do any f...ing thing. The f...ing things will sink, there's no f...ing money in it ... Grrrrrrrr ... Well, now I'm awake I may as well kill something."

Singleton's son, Jack Singleton, offers his own insights into the Carnegie style. "Mark will just keep turning the screws. He says the things that everyone thinks but no one is prepared to say."

Last year, Carnegie accompanied the younger Singleton to a meeting in a lawyer's office in Sydney. Jack Singleton believed that a larger rival was sabotaging one of his companies and wanted Carnegie's support. He briefed Carnegie in the lift before they met their adversaries.

"I said, 'Mate, what are you going to say?' And he [Carnegie] says, 'You don't need to know the words; just come along with me.'" Carnegie walked into the room and exploded, waving around documents he hadn't yet read. "YOU C...S HAVE SPENT YEARS F...ING THESE GUYS' BUSINESS AND WE'RE NOW GOING TO F... YOURS."

Jack Singleton believes the word c... was used about 38 times before Carnegie stormed out into an adjoining room, poured himself a glass of water and let a big grin settle across his face.

IT TAKES A WHILE TO STEP OUT OF THE SHADOWS of a powerful father, especially when that father happens to be "Rod the God".

At 79 years of age, Sir Roderick Carnegie is still an urbane, imposing figure with a straight-from-the-shoulder style. His first words when we sit down in the exclusive dining room of the Australian Club in Sydney to discuss his eldest son are: "So what the hell is this about?"

During much of the second half of the 20th century, Sir Roderick bestrode the world of Australian business – an Oxford and Harvard superstar who set up the Australian arm of global management consultancy McKinsey & Company in 1962, and then went on to serve as chief executive and chairman of CRA Ltd (now Rio Tinto Group) through the 1970s and '80s, as well as president of the Business Council of Australia.

To the casual observer, he and Carmen, his tall, elegant wife, were born-to-rule establishment figures, with a home in Toorak, a holiday house on the Mornington Peninsula and connections (through his wife's family, the Clarkes) all the way back to the pioneers of the Western District.

Sir Roderick's parents, Douglas and Margaret Carnegie, were Poll Hereford breeders and incandescent figures within Australian cultural circles

THE EGALITARIAN CAPITALIST: investor and philanthropist Mark Carnegie (opposite, at his home in May) has been described as a "terrorist", "the Ali G of business" and "a massive f...ing intellect".

– their home, midway between Melbourne and Sydney, a magnet for artists and writers, and their bull shed bursting with indigenous artefacts and paintings by Drysdale, Boyd and Nolan.

Despite his impressive business credentials, Sir Roderick was often viewed by his establishment colleagues as a “dangerous socialist”. He was friends with Labor figures such as Bob Hawke and the late senator John Button.

The Carnegies raised their three sons to think for themselves, although, as Sir Roderick explains now, this never extended to encouraging his first-born son to speak like a navy: “I endeavoured to stop Mark swearing but I failed. It is not an easy thing to cope with a successful father. Rupert Murdoch had to come to terms with his father [Sir Keith] and took a very left-wing turn at school. Mark started swearing.”

Filmmaker Ian Darling, a childhood friend of Mark Carnegie’s, recalls the gentle, welcoming spirit of Mark’s mother, and the fire and crackle of intellectual argument fostered by her husband. “It was a home where real conversations were happening and it was important to have an opinion,” he says. “We used to have debates every week at primary school and the level of Mark’s debating skills just blew us all away.”

At Oxford University – where Mark Carnegie went after studying zoology at Melbourne University – he became known not just for his rowing prowess but for his rowdy interjections during Oxford Union debates.

His one-time flatmate Cameron O’Reilly recalls the university newspaper observing, “You must come down to the Union to see Oxford’s latest spectator sport – Mark Carnegie.”

Ask Carnegie today about this and he has no idea where his boorish behaviour came from. “I try to interrogate myself about what it was that I was angry about,” he says. “But I don’t know. I [had] no reason to be angry and yet I was.

“I think this is a personal failing of mine. People would say, as with so many things in my life, ‘Hold on, there was meant to be a dial. Why did you find the switch?’”

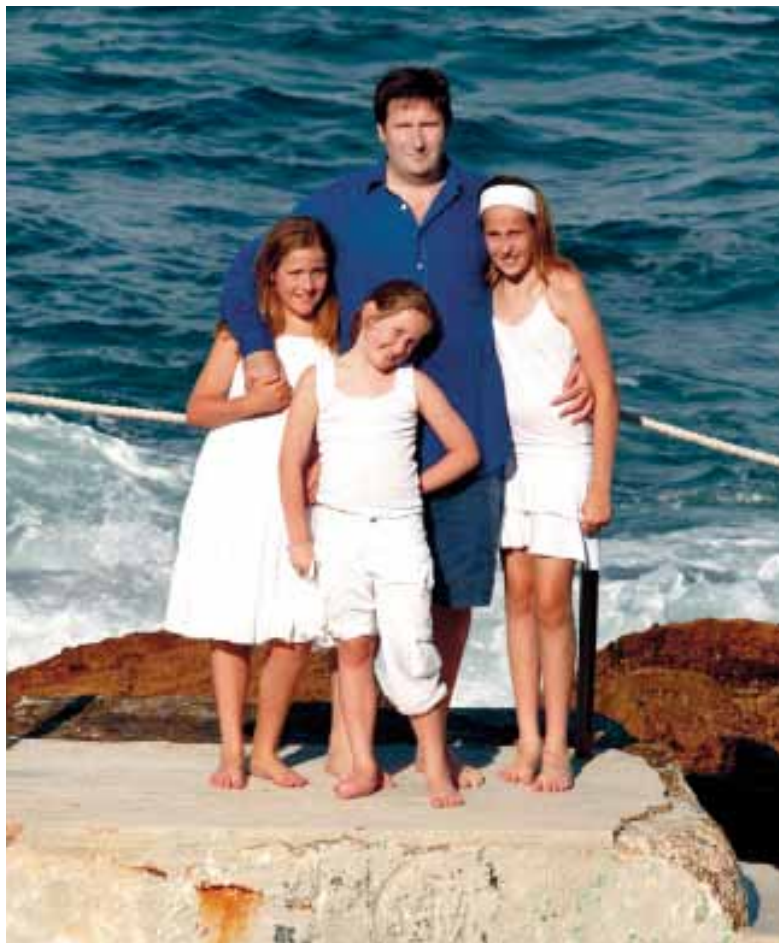
Behind the rough exterior, however, there was something far more subtle and sophisticated at play. Although not a Rhodes scholar, he was considered a brilliant, contrarian thinker, capable of operating on multiple planes at once.

“He would certainly be one of the cleverest people I’ve ever met,” says leading cardiologist David Celermajer, himself an Oxford Rhodes scholar. “There’s different kinds of intelligence and Mark’s was the ability to grasp a new concept faster than almost anyone.”

Michael Rennie, also an Oxford Rhodes scholar and today head of McKinsey & Company in Australia, saw Carnegie’s blunt, aggressive persona as utterly misleading: “He was a football player from the waist up and a ballerina from the waist down. He was actually a very sensitive, caring, thoughtful person ... but he had this contradictory nature. Whatever anyone else was doing, he would do the opposite.”

After studying jurisprudence at Oxford, Carnegie went to work for former World Bank head Sir James Wolfensohn. “Jim showed me that having an independence of mind and a broad range of interests could be part of a world in finance,” Carnegie says. “He spent a huge amount of time on his cello and engaged in public policy as well.”

After his stint with Wolfensohn, Carnegie joined Lloyd Williams in London, imbibing from the Hudson Conway chief and father of Melbourne’s Crown Casino all the requisite



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FAMILY BUSINESS: (from top) with long-time business partner John Singleton in 1996; by the beach with daughters (from left) Cosima, Matilda and Isabella in 2002.

skills and instincts of a trader and investor. He met both men through his father, as he did the late American “banjo-picking billionaire” philanthropist Warren Hellman. “His impact on me grew over the years,” Carnegie says. “What he was able to do was find time for work, time for play, time for family and friends and time for public service.”

Carnegie’s other great hero was Charlie Munger, the American investor and philanthropist who introduced the concept of “elementary, worldly wisdom” to the business world – the main thesis being that success was never about “learning more and more about less and less”. It was about absorbing from multiple disciplines – mathematics, physics, biology, psychology, game theory, engineering, history, law, moral philosophy and the literary classics.

Paul Keating believes this is one of the reasons for Carnegie’s success as an investor. “He seeks to distil lessons from older, clever people and fit those lessons into the contemporary circumstance.” (Keating became chairman of Carnegie’s boutique advisory and investment firm, Carnegie, Wylie & Co, in 2002.)

“He’s a person who has not just a social conscience but a national conscience, and that interested me. He’s never seen Australia as simply some winner-take-all money bid where the cleverest walk away with the national spoils.

“He has always understood how important it is for the country to hold itself together socially ... and I guess they’re the things that mark him out from the average investment banker.”

MARK CARNEGIE AND I ARE SITTING IN the courtyard of his Sydney office on a crisp autumn morning. It’s the first time we’ve met and Carnegie comes straight to the point. “Would you do this interview if you were me?” he asks with an unflinching gaze.

It is no easy question to answer. Self-interest says, “Absolutely”, but that’s hardly going to wash. Carnegie has been a major player in the Australian media since he joined the successful Tourang bid for Fairfax (publisher of *The Sydney Morning Herald* and *The Age*) in 1990 as an adviser to Warren Hellman.

That was when he came to the attention of John Singleton, who, three years later, anointed him chairman of his newly floated marketing and advertising empire, STW Communications Group. Over 20 years, Singleton and Carnegie have amassed personal fortunes as directors and shareholders in the Macquarie Radio Network (owners and operators of Sydney stations 2GB and 2CH and, until March this year, Melbourne Talk Radio), Lonely Planet Publications (now owned by the BBC) and, until 2004, Indonesia’s third-largest television network, SCTV.

They have also owned, at various times, palm-oil plantations in Sumatra, an FM radio station in China, a lingerie company, boutique hotels and pubs (including Sydney’s Bellevue Hotel, Kinselas, Bondi Icebergs and Hotel Steyne in Manly), marinas, caravan parks and a brewery.

“I needed someone to partner with me who had numeracy qualifications, skills, came from the right side of the tracks, and someone whom I could trust,” Singleton says. “And Mark has a massive mind, a massive f...ing intellect, bigger than anyone’s I’ve known.”

Eric Beecher, joint founder of Private Media and publisher of the Crikey website, reached the same conclusion after meeting Carnegie. “It’s not necessarily a straightforward, readable intellect,” Beecher says. “Often it’s cryptic or perverse, and sometimes it actually turns on lights. He’s quite entrancing, a combination of intuition, street smarts, rat cunning and bravado all wrapped into one.”

In the early ’90s, Carnegie became a major investor with – and strategic adviser to – Beecher and his business partner, the late Di Gribble, in their Text Media as it began its foray into book publishing and custom magazines. Beecher and Gribble had just made a precocious raid on the Melbourne real estate advertising market by launching *Melbourne Weekly*. What they needed was Bennison MacKinnon, then the biggest real estate agents in the city, to advertise with them.

“We pulled out the Mark card,” says Beecher. “Mark said, ‘Yeah, I know these people, they’re all Melbourne private-school boys.’ So we arranged this pivotal meeting for the survival of the *Melbourne Weekly* and we walked into their boardroom, and on the way I said to Mark, ‘What are you going to say?’

“He says, ‘Leave it to me, I know how to handle this ...’ So we walk in and sit down and they all say, ‘How’s Sir Rod?’ He nods and we then look to Mark and Mark stands up, pulls his chair out and says, ‘Gentlemen ... we’re here to beg.’

“They understood that language and Mark negotiated this cut-price deal and off we went.” (*Melbourne Weekly* is now owned by Fairfax Media, publisher of this magazine.)



So, given that Carnegie knows a thing or two about the corporate thrust and theatre of media, I suggest that the only reason for him to grant this interview would be if he had something to say, and that judging by his recent public pronouncements, this would appear to be the case.

Late last year, he created headlines at the tax forum in Canberra when he argued for higher taxes for the wealthy. "Over the next 30 years, we are going to find the amount of pressure on the government as a result of the ageing population going up," he told the ABC's *Lateline* program. "My proposal is that the richest 15 per cent of the community pay 15 per cent more tax in order to set ourselves up positively and optimistically for the next generation."

Asked how this idea had gone down with his business colleagues, Carnegie replied, "It's like asking turkeys to vote for Christmas."

Carnegie then called for an inheritance tax as well, saying, "I don't believe that the only tax-free occupation available in Australia should be sitting in a Toorak coffee bar waiting for your dad or mum to die."

"What I can't understand," he tells me now, "is how so many 'capitalists' are such bad economists. Every study in the world says society just functions more effectively if it's more equal."

"We have to make long-term investments to deal with the demographic tsunami that's going to hit us. It's the same argument with the National Disability Insurance Scheme. Everybody's sitting there saying, 'How can we afford it?' The answer is that it looks like an expense, but it's not. It's an investment for our future and a better society."

"I worry that the general level of cynicism has eroded the ability of politicians to think more broadly. Everybody knows that the rich are doing better than they should out of this new generation of technological innovation and the commodities boom. The people who are more fortunate don't need to have an easier run than they're already getting."

MARK CARNEGIE'S HOME IS A 2100-SQUARE-METRE renovated church in the heart of Sydney with a pipe organ, a pulpit and a bamboo garden. He bought the property for \$8.75 million two years ago after the collapse of his 20-year marriage to Tanya Nelson, mother of their three daughters.

He lives in this gigantic space alone, although he plans to create an artist-in-residence studio

and a hub for small businesses underneath, where the Sunday school once stood. In his free time he writes, wades through the classics and the King James Bible, studies ancient Greek and hosts dinner parties for friends where they explore the meaning of Shakespeare's tragedies and Homer's epic poem *The Iliad*.

He has no need to work. During his investment career, he made tens of millions of dollars, both with Singleton and John Wylie, his old Oxford friend with whom he launched Carnegie, Wylie & Co in 2000, before selling the company to Lazard in 2007.

Carnegie has since launched a new venture-capital business and foundation, and entered the public-policy arena. "I wanted to continue to be commercially relevant because I didn't think anybody was going to take me seriously if I didn't," he says.

Carnegie is one of a group of investors that includes Singleton and former Qantas chief executive Geoff Dixon reportedly circling the beleaguered airline as the Qantas share price continues to fall. Carnegie will neither confirm nor deny the move.

For years, Carnegie has flown under the radar on issues that only those closest to him know about. Together with Singleton, he has poured money into resettling 10 Sudanese families in regional Victoria.

In recent years, he has paid for students from his daughters' school, Geelong Grammar, to visit indigenous communities in Arnhem Land and Cape York, so they might develop a better understanding of the country's original inhabitants.

In consultation with Noel Pearson, he has funded a housing project in Cape York, and an intern program to investigate ways to maximise native title holders' economic opportunities in the region. He's donated hundreds of thousands of dollars to mental-health initiatives through Jack Heath's Inspire Foundation, and in 2000, following the birth of their profoundly deaf youngest child, Matilda, set up with his wife, Tanya, the Matilda Rose Early Intervention Centre in Sydney.

"We've had 96 children go through this program in the past decade," says Maree Rennie, the director of the Bronte centre. "They've poured millions of dollars into it, paid for salaries and other families who couldn't afford it. They would never let people know what they've done, but they've given hope to so many people."

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INSIDE JOB: Mark Carnegie bought his home (above), a renovated church in central Sydney, for \$8.75 million.

The unravelling of the Carnegie marriage three years ago, coupled with the death a week earlier of Carnegie's mother, and the end of his business partnership with John Wylie, was a devastating, life-altering period for the investor.

During Matilda's early years, Carnegie had often escaped into work and then taken off for weeks at a time to indulge his abiding passion, fly-fishing. In the wilds of Iceland, he'd stand waist deep in gin-clear rivers, communing with nature while things fell apart at home. "I withdrew into myself and couldn't engage with such a hard process," he says. "And even when I was here physically, I think I psychologically fled."

When he finally did commit himself to working less, and spending more time with his daughters, it was too late. The marriage was over.

Carnegie became so unhinged by grief that when David Celermajer made the comment later that divorce would attract billions in funding if it were treated as an infectious disease, Carnegie decided to act.

Three months ago he signed a memorandum of understanding with the Menzies School of Health Research in Darwin to investigate the societal and individual costs of divorce, using, for the first time in Australia, a public-health model to try to minimise its impact. His foundation has provided seed money of \$250,000.

"The unravelling of marriage is profoundly hurtful and dark for everybody involved – the two people, plus the children. And I was sitting there in this unimaginably horrible process saying, 'There has to be a way to make this less unimaginably horrible.' I ended up using my financial position [to pay for counselling], which meant I could look at other people and say, 'You are in similar circumstances to me, but you don't have available the same sorts of financial resources.'"

IN FEBRUARY THIS YEAR, CARNEGIE TURNED 50, and for a man who prefers reading to talking to people he put on quite a show in his old church. A Johnny Cash tribute band belted out tunes to a crowd of 450 – family, friends, business figures, journalists and a good number who had once felt the birthday boy's lacerating tongue.

Carnegie was burying the hatchet and as he delivered his speech, dressed in a Hawaiian pink floral suit, you could sense a man smoothing out the edges, beginning to find his true voice.

He thanked his family and friends, along with John Singleton and former business partner John Wylie, from whom there had been a period of estrangement. He talked about his good fortune and how one needed to be defined by generosity of spirit, even at the risk of personal exposure.

He then turned to his ex-wife, Tanya, and their three daughters and said, "Our relationship should not be diminished by the fact that our marriage has ended. You were my life partner for almost all of adulthood and we have three wonderful children as a product of that union."

"To you girls, for the fact that we are apart, we are both so sorry. To paraphrase [English poet] Philip Larkin, 'We hurt you badly, your mum and dad. We did not mean to, but we did.' For that we are devastated, but we don't love you any less. We love you more."

There was not a single expletive, and hardly a dry eye in the house, when David Celermajer came up to Carnegie afterwards and said, tongue in cheek, "You've spent 50 years growing into a big, ugly cactus and in five minutes you just poured molten gold over yourself and turned into a beautiful statue." GW