



## THOMAS FISHWICK'S PUZZLING INVESTMENT

**Introductory Note:** The only primary source of information on Thomas Fishwick is the large collection of early 20<sup>th</sup> century corporate records of John Fowler & Co Ltd (Leeds), the company which figured prominently in his personal and business affairs. These records are extensive and have been preserved and catalogued by the Museum of English Rural Life at Reading University, UK. Some are readily accessible through the museum's website however, in order to read many revealing documents such as personal correspondence between senior executives, unfortunately a visit to Reading is required. It is mainly through these, rather than formal company documents, that some insights into Fishwick's character and personality can be formed.

Cognizant that alternative access to the only available information is very difficult, this attachment is necessarily lengthy. It contains material derived from many hours' research at Reading University accessing archived board papers, business reports and financial statements from the company's operations in the United Kingdom, South Africa and Australia. From these, as well as the available correspondence concerning the Sydney-based company's very poor performance, it was possible to build up some personal impressions of Fishwick which helped in interpreting some of his quite puzzling decisions and actions.

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### Preamble

Walter Burley Griffin was no doubt pleased and relieved when, in 1929, Thomas Fishwick [1] became a client. Not only was he progressive, well-travelled and interested in technology, but he also had a large budget. He commissioned Griffin to design and build an elaborate, luxurious and very expensive house on one of the prime sites on the Castlecrag Estate. Blocks of land had been on the market for some seven years but sales had slowed and very few houses had been built. The landscape comprised mostly vacant lots with a scattering of a dozen or so newly-built houses, all designed by Griffin. These were mostly small, boxy, single-storeyed and flat-roofed; certainly not the grand villas portrayed in the Estate's sales material. Here at last in Australia was an opportunity for Griffin to show his design skills and creativity in a wonderful residential setting.

The motivation for Fishwick and his wife Olive to give Griffin the commission and move to his underdeveloped new suburb is hard to fathom. He was a conservative, tough-minded businessman working for a multinational company which had transferred him to Sydney from Durban four years previously so he was quite unlike most other Castlecrag residents. Far from being ecologically minded, he had an apparent passion for furnishing rooms with the skins of wild African animals. [2] A local resident at the time commented that the suburb was *"very revolutionary then...most of the people who lived there in Griffin's day were odd; artists, bushwalkers, conservationists - those kind of people"*. [3] What is more, Griffin himself, while evidently being brilliant and highly creative, was reputed to be uncompromising - past clients all had stories about him being professionally difficult. Further, it must have been apparent to Fishwick that the houses he designed were so radical that they would be very difficult to sell into a market of wealthy, conservative people when he and his wife returned to South Africa, as they had told their employer that they intended to do.

There are other aspects of his decisions regarding the house which are puzzling. Olive lived in it for only a little over a year before she moved back to South Africa and he followed her 20 months later, yet he held on to the house for 15 years. Further, Fishwick was then in his late thirties and already a wealthy man with business interests and property in Durban, yet the house was under mortgage until 1940 and remained in his name until 1945.

No direct evidence remains about why he made these real estate decisions but, fortunately, available records have been able to shed some light on his possible motivations. It seems likely that in commissioning the Fishwick house he was setting up an off-shore property investment. It proved to be a most unsuccessful speculation.

### **The Fishwicks' move to Australia from South Africa**

Thomas and Olive had migrated from southern England to South Africa where, in 1922, he had become the joint owner of a small but successful Durban-based business engaged primarily in sealing rural dirt roads with bituminous products. Fishwick was the majority shareholder. His partner, P. C. Lowman, held the remainder of the equity and acted as the company's managing director.

Fishwick's eventual employer, the large, long-established and highly-regarded English company John Fowler & Co Ltd of Leeds, concentrated on manufacturing steam-driven heavy machinery. It sold and serviced a large range of heavy ploughs, traction engines, mechanised agricultural equipment, railway locomotives and road rollers mainly in its UK domestic market. It also sold these machines internationally, mostly in British colonial countries, through subsidiary companies and trading agencies. In many cases its products were pioneers in their fields and are now prized by rural museums. Fowlers had entered South Africa in 1904 setting up a branch comprising a Johannesburg-based agency and a large farm nearby at Vereening.

In 1924 Fowlers decided to diversify its South African business by buying a one-fifth shareholding in Fishwick's company, which was very much smaller in scale than its other local interests. Fishwick and his partner certainly regarded Fowlers' involvement to be very much at "arms length". [4]

In an earlier diversification move, in 1913 Fowlers had set up a business in Australia concentrating on marketing its heavy steam-driven agricultural machinery. By the mid-1920s, the newly-federated country was wealthy and growing; it was also about to build a new national capital, Canberra, on a sheep paddock mid-way between Sydney and Melbourne which would obviously require a lot of road building. There were clear indications that the Australian government was intent upon moving large numbers of politicians and public servants from Melbourne into this new inland city. Fowlers saw an opportunity there to build a new local business based on road construction using steam rollers. Fishwick was persuaded to move to Australia to develop and manage all their local operations.

Under the negotiated arrangements, Fishwick was to act as its Australian manager under an employment contract with Fowlers' headquarters while still maintaining his controlling interest in the South African operation. He had put himself in the unusual position of being an employee in Australia reporting to the Leeds-based CEO while at the same time wholly controlling their South African roads company as a non-executive director and majority shareholder. Structurally, all of the directors of Fowlers' Australian business were based in the UK and none ever visited it.

Thomas and Olive arrived in Australia from Durban in late 1925, settling in Sydney's affluent, harbour-side eastern suburbs. Soon after the Fishwicks had settled in Sydney, they were joined by an employee seconded from the South African business. At that stage, it seems that Fishwick had every intention of staying in Australia for a reasonable period of time, but certainly not to migrate permanently. In 1927 he contracted to stay for 1928, 1929 and 1930 at a salary of £1,000 per year [5] "with intent to extend".

With somewhat reluctant approval from the CEO in Leeds, who no doubt had envisioned further development of the agricultural machinery market, Fishwick soon redirected the strategy of the Australian business to concentrate wholly on road surfacing and spraying.

### **Fishwick's business and personal problems**

The Australian road-sealing business was successfully established, but remained small. It competed in a fragmented market, gaining its revenue mainly from small scale rural council contracts. [6] Presumably being confident of its eventual success, in June 1929 Fishwick commissioned Griffin to design and build his Castlecrag house. [7] He invested heavily: its total cost including the land was some £3,500, about three and a half times his annual salary. This was financed with a long-term mortgage through a local bank.

Then things rapidly began to go wrong. Canberra's development stalled and the beginning of the Great Depression forced the abandonment of most local councils' road building projects. On top of that, two giant local public companies, Broken Hill Proprietary and Australian Gas Light Company launched directly competitive businesses.

The reported return from Fowlers' Australian operations dropped from a profit of £5,500 in 1928 to losses of £2,400 in the following year and £11,100 the year after. The company did not return to profitability until 1935. In a business report to Leeds Fishwick stated: *"The bottom has dropped clean out of our business.... [there is a] lack of desire on anyone's part to make roads....by our method."* [8]

Nor were things going well for Fishwick personally. In late 1930, he began correspondence with Fowlers' CEO about his own future. In one he said: *"After the bitter experience I am having out here...I would like very much like to go back to [South Africa] perhaps in a year or two....[This is] not just the result of unhappy conditions recently"*.

There followed correspondence which became increasingly pointed; the CEO finally writing: *"If things had progressed as they were doing before the debacle of last year I should have said that the possibility of leaving Australia was nearer in sight"*.

Fishwick made the case that, despite Australia's problems and being committed to his agreed terms of employment, Leeds should understand that the South African business was in fact growing strongly and prospering, despite the world-wide depression. He claimed that as a result of being in Australia, he was missing out on capitalising on its excellent financial returns and cash flow. In fact, Lowman had just celebrated a very good year, declaring himself a 25 percent dividend on his capital in the business.

Fishwick clearly thought that Leeds had taken advantage of him: *"I have sacrificed a great deal of my authority and transferred control of the company to Lowman and Grey (an employee) and in that, I have lost something I can't regain"*. He also stated that he could be appeased if Fowler's would sell him their South African shareholding. Perhaps to underline his determination, he also requested permission to visit South Africa at his own expense to develop plans for his permanent return.

Leeds responded, saying that they might consider being bought out, but quoted a high price. Fishwick's astonishment and disappointment is evidenced by his response: *"I can't offer you just now anything like £2000 in cash."* This fruitless exchange must have stung him, especially since he had, at his own initiative, progressively reduced his own annual salary in Australia from the initial £1,000 down to £540 in mid-1930 then to £480 in late 1931 as the company's financial position worsened.

## **Fishwick's return to South Africa**

While the tone of his correspondence with Leeds remained generally cordial, Fishwick was clearly making plans of his own. Initially, the CEO continued to rebuff and admonish Fishwick, saying that he had a clear and formal responsibility to stay and manage the recovery of the business. However, progressively Leeds' took a more sympathetic position, finally committing to allow him to go back to Durban, provided that he would find a new managing director and "*a completely efficient management to replace your own*" before he could leave.

It seems that during this time Fishwick also had domestic problems to contend with. He told Leeds that "*Australia will never suit either my wife or me*". Olive's mother had also become ill. Unknown to Leeds, he went ahead and booked a voyage from Perth to Durban for himself and his wife to depart in early April, 1931 - less than a year after moving into their new Castlecrag house. His mother-in-law in fact died soon afterwards. In any event, Fishwick did not leave on the boat but his wife did, never to return to Australia.

Meanwhile, Fishwick tried to maintain cordial relationships with Leeds but sustained his pressure to return home as soon as possible: "*I am naturally anxious to return to South Africa. My wife and everything are there.*" Leeds had some sympathy and clearly recognised that Fishwick was behaving responsibly but was still determined to leave. He was reminded that he could not leave Australia until his three year contracted period was over. However, an internal memo from the CEO to a board member faced the reality: "*He would very much like to be free and I have no doubt he will go on his own, both as to salary and expenses*".

Now alone in Castlecrag, Fishwick's relationship with Leeds began to sour further, even though the company had arranged for an executive from South Africa to be transferred as Fishwick's potential successor during 1931. When the Australian company's financial results for that year were to hand the CEO wrote blaming him for the "*exceptional loss we have suffered during the last two years...particularly in view of the fact that you are directly responsible...and despite the constant advice and warnings we gave you*".

Fishwick left Australia finally in December 1932, well over a year after his wife had gone back to South Africa, returning via the UK where, at Leeds' invitation, he stayed for over a month to acquire some skills on a new road-building technology. On the way he also stopped at Naples to help unscramble a problem Fowlers' had there. Judging by these co-operative events, relationships with Leeds had soon been patched up. This was evidenced also by the company later continuing to draw upon his Australian experience. [9]

Under its new management, the Australian business continued to perform poorly. It was by then clear that BHP and AGL would continue to dominate the road sealing market. The new general manager reported that they were using modern sprayers with diesel engines and "*spraying millions of gallons of tar and bitumen mixes*", which to them were virtually costless since they were near-waste by-products. Fowlers saw the inevitability of failure and began to wind-up all its Australian interests; again evidencing co-operation, Fishwick returned briefly to Sydney assisting in this closure. Given the succession of loss-making years, Fowlers' total investment in Australia had risen to almost £14,000 and it never achieved a net positive position. The Australian company was finally liquidated in 1940.

Fishwick settled back in South Africa where he died in 1974 aged in his mid 80s. Olive outlived him by ten years, dying in her late 80s.

## **Possible answers to some puzzling questions**

Fishwick and his wife had lived in Sydney for some five years before building their new house in 1929, so they had ample time to get to know the city and decide where they might best enjoy living. Why would they choose to leave Sydney's highly desirable eastern suburbs to build on an isolated site in a difficult to access, undeveloped and unfashionable property development which provided very poor amenity? Further, having commissioned the design of their very expensive, grandiose dwelling, it is most curious that within a year of moving into the house both asserted they could never settle in Australia.

Then, following many acrimonious exchanges with his employer in order to be able to return with his wife to South Africa, it is odd that Fishwick chose to retain ownership of the house until 1945 - some 16 years after its commissioning. What is more, he had borrowed to buy it but did not pay out the mortgage he had taken out until 1940, eight years after he had vacated it.

These seemingly odd decisions make sense only if Fishwick is seen as an investor in property hit by a series of unexpected events but who, nevertheless, decided to "sit them out" because the capital involved was of little consequence to him and was providing a reasonable cash return. Further, so many reverses had been weathered that an optimist might easily claim the "things could only get better".

Fishwick had probably seen the house as simply a long-term, off-shore investment leveraged by a mortgage. After all, Australia remained among the wealthiest countries in the world, had great natural resources, as South Africa did, and the Castlecrag Estate had been marketed as an excellent investment opportunity, especially for the wealthy. Also, he knew that the Sydney Harbour Bridge was soon to open, significantly reducing the time required to reach the city. As evidenced by many events and transactions recorded in company records, Fishwick was a canny, worldly-wise business man; entrepreneurial, financially astute and willing to take risks with his capital. What is more, he had a lot of it, being quite wealthy. During the worst years of the Great Depression the South African business, of which he owned 55 percent, had thrived. It made a profit of £41,000 during 1929 to 1932 when Fishwick's Australian salary was around £500. Given the value of his South African assets, his investment in the Castlecrag property of £3,500 was quite modest.

Circumstances turned against him. The Great Depression hit, the Australian currency devalued massively against South Africa's and the Castlecrag Estate was not a success; his house's market value had continued to drop - roughly halving by the time he eventually sold it in 1945. So if Fishwick had bought the house with a rapid capital gain in mind, his investment had failed.

However, the actual capital loss he suffered was small for a man of his wealth; holding on to the property and renting it out made some sense. Even with the house under mortgage, his initial investment in it was providing a gross return of some 6 percent [10] and this rate showed signs of improving because the very tight rental market in Sydney during the war years was causing rents to rise.

Fishwick finally made the decision to off-load the house in 1945 when he was in his mid-60s, presumably because he was rationalising his assets for retirement. Unfortunately, his reasons for commissioning the house and later decisions about it must remain conjecture.

## Footnotes:

1. Very little is known of the non-business lives of Thomas Wilson Fishwick or his wife Agnes Caroline Olive Fishwick (nee Spooner and known as Olive). He was born in the UK in about 1880 and died in South Africa in 1974. She was born in Surrey in 1897 and died in 1985, also in South Africa. They had lived and worked in Durban, but finished their days in Somerset West, near Cape Town.
2. Most rooms in the house contained an animal skin rug or throw-over as can be seen in the heritage photographs in the [Images of House](#) section.
3. *Visionaries in Suburbia* 2015. p13
4. Despite holding just one fifth of the equity in Lowman and Fishwick's business, correspondence indicates that Fowlers aimed to review the company's performance closely and to be involved in all major business decisions. Despite this, to Fowlers' great annoyance, the majority owners "forgot" to send Leeds its audited balance sheet and P & L accounts for 1929 and 1930, and both local directors maintained large unaudited cash accounts. Also, Fishwick made a substantial personal loan to the business for extra working capital, setting an extremely high interest rate of eight percent.
5. Fishwick's agreed future Australian salary in 1930 of £1,000 was a large amount. At that time the annual earnings of a local factory worker was about £250 and a manager's salary was £350 - 400. During 1927, when his financial arrangements were being agreed, the Australian Pound was tied to the British Pound Sterling. However in 1929 it was taken off the gold standard and its exchange rate fell some 30 percent against Sterling in the next few years. So Fishwick's Australian assets became substantially devalued. Conversely, the South African Pound remained tied to Sterling until 1961 when the country became a republic. The new South African Rand was introduced at two per dollar and remained so until 1967 when the Pound was devalued.
6. In 1930 Fowlers' Australian business had five employees and assets of about £17,000 (mostly plant and equipment). Its gross profit of £8,000, which was generated from some 30 council contracts, barely covered the cost of wages (£3 700) and depreciation (£3,400).
7. The only sources of information from Fishwick about Griffin matters are his two 1972 letters to James Weirick, the leading Australian Griffin scholar. Weirick reported that Fishwick claimed he and Griffin might have met in Canberra at the opening of Australia's "temporary" parliament house in May 1927. However in an April 2015 telephone conversation with the writer, Weirick recounted from the letter a number of Fishwick's statements which suggest that his memory was unfortunately quite unreliable. These are:
  - *He and his wife were very happy in Sydney.* This is not apparent from the many letters in which he pleaded to leave before his contracted commitment stay was over.
  - *He was transferred from Japan to Australia at the request of Leeds.* Many company documents detail his departure from South Africa. None mentions Japan. Further, operating there would be most unlikely given that Fowlers confined itself to agricultural "British Empire" markets.
  - *He sold the house to the Deans family when he left it.* The Kanevsky family rented it from May 1932 to 1940 when the Deans family took over the lease. They then rented it until 1945.
  - *He visited the Deans on way to Japan much later and stayed in the house for a day or so.* There is a record that he visited Sydney in May 1936 to assist in the winding-down of Fowlers' Australian business but the Deans were not living there at that time. Even if the visit was as late as 1940, the Deans family would be most unlikely hosts because two large families then lived in the house.
8. All attributed quotes and financial information in this attachment are from documents held by the Museum of English Rural Life with the library prefix TR FOW. Major sources are the following folders:

### **Fowler & Co., (Australia) Ltd., Sydney**

Shareholdings	1913, 1920, 1930	CO2/73
Balance sheets	1929, 1930, 1931	AC7/49-69
Financial statements	1929, 1930, 1931	C8/75-80
Liquidation	1939/40	CO2/74
Company Correspondence	1930, 1931, 1932	AD6/20-22

### **Fowler Tar Spraying Co., Ltd., Johannesburg**

Financial Statements	1925-1933	AC8/51-60
Shareholdings	1924	CO2/62

9. It is clear from the tone of many letters between Sydney and Leeds that Fishwick was respected as a successful and essentially independent businessman. For example, despite being the manager of a small and remote part of Fowlers' operations, Fishwick corresponded frequently, often on personal matters, with Fowlers' CEO and other top executives. Also, he formally and politely asked Leeds for permission before planning any international travel.

10. Before buying the house from Fishwick in 1945, the Deans family rented it for five years, paying him rent of £20 per month. This was almost a seven percent annual return on his outlay of about £3,500 on the house.