

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS (Incorp.)

MINUTES OF A MEETING TO CONSIDER AFRICAN VOCATIONAL TRAINING SERVICES, HELD IN ROOM 40, MAIN BLOCK, WITWATERSRAND UNIVERSITY, at 10 a.m. ON FRIDAY, 26th OCTOBER, 1945.

PRESENT : Mr. J. D. Rheinallt Jones (Chairman), Dr. G. Eybers, Mr. E. Gordin, Dr. E. Hellmann, Capt. S. Horwitz, Dr. N. MacVicar, Mr. J. R. Altman in attendance.

Also present, by special invitation, were Dr. C. Philip and Mr. F. Ross of Kenya.

APOLOGIES were received from Mrs. M. Ballinger M.P., Mrs. A. W. Hoernlé, Lt. Col. H. S. Mockford, Sen. The Hon. Col. E. T. Stubbs.

1. MEETING WITH SECRETARY FOR EDUCATION :

The Chairman reported on the meeting held on 12th October with the Secretary for Education and Dr. G. Eybers of the Union Education Department, at which existing facilities were discussed for the financing of an organisation such as the Committee had in mind. The general feeling had been that the organisation should be established under the Higher Education Act 30 of 1923.

It had been necessary since that meeting to outline the proposed organisation, and Dr. MacVicar had undertaken the laborious task of drawing up the Memorandum of Association and Articles of Association which were now before the Committee.

The Chairman moved a vote of thanks to Dr. MacVicar for his painstaking efforts.

ADOPTED.

2. PROVISIONS OF HIGHER EDUCATION ACT.

Dr. Eybers then explained the relevant provisions of the Higher Education Act. These were the chapters referring to Technical Colleges and Continuation Classes. The organisations visualised by the Committee would probably have to make use of both of these, the section on Technical College to be used for establishing organisations in urban areas, the one on Continuation Classes to be used for organisations in the rural areas.

Capt. Horwitz asked whether the proposed organisations could not be financed in the same way as institutions like Tigerkloof.

The Chairman pointed out that such institutions were financed by the Native Education Vote through the Provinces, and this would prove a bottleneck if it was intended to set up organisations throughout the country.

3. MEMORANDUM OF ASSOCIATION.

The Chairman referred the committee to the Draft Memorandum prepared by Dr. MacVicar, and the Committee proceeded to discuss it point by point.

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The Memorandum was accepted with the following amendments :

SECTION 4 :

Sub-Section (e): The word "approved" to be deleted and the words "approved by the Council" to be inserted after "conditions".

Sub-Section (g): The words "South African" to be deleted and the word "Native" to be substituted therefor.

Sub-Section (i): The words "in terms of Section 4(c)" and "to members of the Corps" to be deleted.

SECTION 6 : The words "to the amount of their subscriptions" to be inserted after "limited".

SECTION 7 : This whole section to be deleted.

SECTION 8 : To become Section 7.

SECTION 9 : To become Section 8.

4. ARTICLES OF ASSOCIATION :

Before the Chairman referred the Committee to the Articles, Capt. Horwitz outlined briefly a scheme prepared by Col. Mockford and himself. The main points were as follows :

- (1) The Company would declare its share capital towards which the public would subscribe (non-dividend-paying shares).
- (2) The Company would be controlled by a Board of Directors, responsible to the Shareholders. There would be a Managing Director responsible to the Board.
- (3) There would be a Council appointed to act in an advisory capacity.

Dr. MacVicar objected to the proposal that the organisation should be controlled by the shareholders through a Board of Directors. This could very easily lead to abuse; for example, if large numbers of shares were held by persons who were interested in getting a cheap labour supply, the policy would be directed accordingly.

After a lengthy discussion The Chairman asked Capt. Horwitz to draft his proposals in memorandum form so that the Committee at its next meeting could discuss the differences between the two proposed forms of non-profit company.

IT WAS AGREED

that Capt. Horwitz prepare a memorandum outlining his proposals and that this be discussed at the next meeting of the Committee.

IT WAS ALSO AGREED

that the next meeting of the Committee be held in the offices of the Union Education Department in Pretoria at 10 a.m. on 6th November, 1945.

THIS CONCLUDED THE BUSINESS.

MEMORANDUM ON SUGGESTED AMENDMENTS  
TO MEMORANDUM AND ARTICLES OF ASSOCIATION  
OF THE AFRICAN VOCATIONAL TRAINING SERVICES.

1. It was decided to prospect the idea of forming a Company under Section 21 of the Companies Act of 1926.
2. Under the Section abovequoted the Company can be registered, either :
  - (a) without a share capital, or
  - (b) with a share capital.
3. In order to enable the Company to carry out its main objects, it must have a working capital.
4. This working capital may be obtained :
  - (a) by contributions and donations from the Public and other sources;
  - (b) by the issue of shares.
5. The scheme suggested in the draft of Race Relations under Articles R.R. 168/45 provides for the finance to be obtained by contributions and donations but it is submitted that the raising of the necessary finance by this method is not a satisfactory one and that it is much more suitable to arrange for the raising of the necessary capital by the issue of shares, as this is a more practical and direct method.
6. The process of raising finance by donations is always unsatisfactory, more particularly in an organisation, which will in its fifth year have a revenue of approximately £3,000,000 and an expenditure of approximately £2,000,000 to £2,500,000. The scheme whereby members of the public make annual subscriptions would make it necessary to appeal to the public each year and it is obvious that donors under the scheme may subscribe for the first or successive years and then lose interest and drop their contributions. This would place the Company in the position of continually having to organise financial drives and to be consistently depending upon the generosity of the public. This method is unsatisfactory as it creates a lack of stability in finance, having to depend on the mood and inclination of the public from year to year. It may have advantages for an organisation in which financial requirements are of a limited nature, but an organisation such as the one visualized with such extensive activities, I feel confident, cannot depend on the somewhat insecure method already outlined.
7. Capital raised through the issue of shares on the other hand brings about a stabilised financial position, the limits of which are clearly known and once it is subscribed there is no need for further appeals to the generosity of the public and the Company need, therefore, not depend upon the annual mood or benevolence of the donors. The capital subscribed for shares is there once and for all.
8. The share capital, once decided upon, may be divided in any way that seems reasonable and as a suggestion I put forward the idea that the Company be registered with a capital of one million pounds divided into 4 million shares, having a nominal value of 5/- each.

9. The small denomination of the shares will allow all and sundry, rich and poor, who have an interest in African advancement to make their contribution. It can be arranged, of course, that the shares be partly paid, sufficient for the necessities of a particular period and that further "calls" be made from time to time. Share holders would, of course, be entitled under the Articles of the Association, if they so desire, to transfer their shares to others in the event of their wishing to sever from the Company, but the actual share capital, of course, is not affected by such transfers. They would be entitled to transfer their shares at whatever value they chose. The issuance of share certificates would create the voting rate which will be one vote for each share registered in a person's name.

10. In the case of subscribers not having paid up in full for their shares, they can, of course, under the Companies Act, be called upon to fulfill the final payment in the event of the winding up of the Company.

11. It is submitted that this method is more direct, and more businesslike and enables all those who are interested in the welfare of the African advancement to support the organisation. The creation of share capital will have an appeal to people with business minds and it is necessary that an organisation having an income that may approximate 3 million pounds a year and an expenditure of 2 to 2½ million pounds a year, be based on normal business principles and the Company, when the capital is successfully raised, upon which I have no anxiety, will become entirely independent of annual public benevolence.

12. The Articles provide for the appointment of a Council consisting of 23 members and an Executive Committee consisting of 14 members.

13. All these members of the Council and the Executive Committee hold Honorary appointments and will receive no payment for their work. It is submitted that this form of Government cannot successfully function in an organisation of such large dimensions and with such a considerable revenue and expenditure.

14. It is recommended that the government of the Company should be:-

- (a) A Board of Directors/Governors, comprising not less than 5 and not more than 7, in whom should be vested the management and control of the Company.
  - (i) Two of the Directors/Governors to be appointed by the State, one by the Native Representative Council, and the balance by the share holders.
  - (ii) The Directors/Governors to be remunerated for their services.
  - (iii) The Board to hold office for three years and thereafter, to provide for continuity, a third should retire in rotation annually.
  - (iv) Filling of vacancies of those who retire should be undertaken by the share holders at an annual meeting.
  - (v) On retirement of the nominees of the State and the Native Representative Council, those bodies will appoint their representatives.
  - (vi) The Board of Directors/Governors to elect one of their members to be Chairman of the Board.

- (b) A Managing Director/Governor appointed by the Board of Directors/Governors who will implement the policy and instructions of the Board.
- (i) The Managing Director/Governor to be remunerated for his services.
  - (ii) The period of office and conditions of service of the Managing Director/Governor will be laid down by the Board of Directors/Governors.
- (c) In addition to the Board of Directors/Governors it is suggested that an Advisory Council, as set up in Para. 5 of the draft, should be appointed. In the scheme submitted to you this Advisory Council is called a Planning Council, but its name is immaterial. This Council representing the Departments of State and other Associations already set out by you should be formed in a consultative and advisory capacity and would be available to the Board of Directors/Governors to advise on matters of policy, planning etc.
- (d) This consultative Committee or Advisory Council would perform a very important function, as it would create the liaison between the Board of Directors/Governors and the various Departments of State and Organisations concerned with the higher problems of the Company.

14. It is considered that the above set-up not only provides for continuity but is necessary to the success of an organisation of the dimensions envisaged, and that without such a set-up the scheme faces the grave danger of failure.

15. It is strongly recommended that your Committee should seriously consider the above suggestions and if thought advisable, amend the Memorandum and Articles of Association on the lines above indicated.

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ABX. 4510306

ABX/ ARM.

30th October, 1945.

Mr. & Mrs M. Traub,  
15, Beatty Street,  
Rand View,  
JOHANNESBURG.

Dear Sir & Madam,

Re: Drought Relief Fund Appeal.

I have to acknowledge, with thanks, receipt of your letter of the 27th instant enclosing a cheque for £2.2.0 from your children Harry and Sandra to the above-mentioned fund.

Their kind act will bring cheer to some unknown beneficiary among the destitute families of the drought stricken areas.

Enclosed please find our official receipt.

Yours faithfully,

fr. DROUGHT RELIEF FUND.

ABX. 451030C

ABX/ARM.

30th October, 1945.

Miss William E. Harding,  
Far Gate,  
Linkfield,  
JOHANNESBURG.

Dear Madam,

Re: DROUGHT RELIEF FUND APPEAL.

I have to acknowledge, with thanks, receipt of your letter of the 28th instant enclosing cheque for £5.5.0 (Five pounds five shillings) to the abovementioned fund.

Your kind act will bring cheer to some unknown beneficiary among the destitute families in the drought stricken areas.

Enclosed please find ~~official~~ receipt.

Yours faithfully,

fr. DROUGHT RELIEF FUND.

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