The Blunt Facts about Banks

A recent statement in the Press claimed that at a public meeting, I invited Mr. Peter D'Aguiar to submit his books and reports so that I could satisfy myself that the increased tax would not destroy the industry as alleged, and that if D'Aguiar and his Directors thought so then there must be other ways to absorb the whole increase of twenty-five cents a gallon, or about one and a half cents per bottle. They said they couldn't afford it, but if their books disclosed that they couldn't afford, then Government would be prepared to consider the situation. These are the facts as I see them.

According to the Banks' Prospectus, the capital of the plant is put at $15,000,000. It was estimated that the production when it was in full operation would be 720,000 gallons per year. That is, 150,000 gallons more than the estimated production of 600,000 gallons for the first year.

Within five years, according to the Prospectus, production is expected to reach 1,000,000 gallons per year, and to yield a profit of $290,000 (with a tax-free dividend of 10 percent) and $744,000 (with a tax-free dividend of 30 percent; then the present production of 720,000 gallons should yield a profit of about $744,000 with a tax-free dividend of about 35 percent to shareholders.

According to the prospectus, after the first year, the profit, according to Banks Brewery, MESSRS. D'AGUIAR BROS., is the monopoly for the wholesale purchase of all production, so that in effect Banks Brewery's financial interest in Banks' cases after the beer is delivered to D'Aguiar Bros. and leaves the premises. From there the business of Banks is no longer Banks Brewery's. It is clearly the Banks business of D'Aguiar Bros.

The Council has six members, all of which are not so nominated by the LGC. This council of the number necessary by the Government is not to the members, resident or not, or to the government. The government, by the council, was wholly nominated by the LGC. The water they are not so nominated by the LGC. The council of the number necessary by the Government is not to the members, resident or not, or to the government. The government, by the council, was wholly nominated by the LGC. The water they are not so nominated by the LGC. The council of the number necessary by the Government is not to the members, resident or not, or to the government. The government, by the council, was wholly nominated by the LGC. The water they are not so nominated by the LGC. The council of the number necessary by the Government is not to the members, resident or not, or to the government. The government, by the council, was wholly nominated by the LGC. The water they are not so nominated by the LGC. The council of the number necessary by the Government is not to the members, resident or not, or to the government. The government, by the council, was wholly nominated by the LGC. The water they are not so nominated by the LGC. The council of the number necessary by the Government is not to the members, resident or not, or to the government. The government, by the council, was wholly nominated by the LGC. The water they are not so nominated by the LGC. The council of the number necessary by the Government is not to the members, resident or not, or to the government. The government, by the council, was wholly nominated by the LGC. The water they are not so nominated by the LGC. The council of the number necessary by the Government is not to the members, resident or not, or to the government. The government, by the council, was wholly nominated by the LGC. The water the
Keep Banks Price at 25c.

This week Thunder publishes a further extract from Dr. Cheddi Jagan's statement — The Blunt Facts About Banks. This extract reveals a further source of unexpected profit accruing to the company through the change of the coinage from 24 to 25 cent pieces. The first instalment dealt with the fact that nearly three times the quantity of Banks beer was sold in the first year than the original estimate given in the Prospectus. Now read on.

Remember also that all of the estimates of profits in the Banks Brewery prospectus were based on the selling price of Banks at one shilling or twenty-four cents per bottle. The twenty-five cents coin was not then in existence.

By the time Banks Beer was put on the market the twenty-five cents coin came into existence and the retail selling price of Banks became twenty-five cents instead of twenty-four cents as originally estimated. This therefore yielded an unexpected profit on Banks of one cent on each bottle or $144,000 on 900,000 gallons (16 bottles to the gallon).

Since the proposed increase on the excise tax on Banks Beer from fifty cents to seventy-five cents a gallon would cause an increase of one and a half cents on the present price of beer to the consumer it would seem to be only fair to the consumer that he should now be given the benefit of that extra cent he was being charged all along for his bottle of beer through the change of currency from the shilling coin to the twenty-five cents coin. In effect therefore, the increased excise tax of twenty-five cents per gallon should result in an increase of only a half cent a bottle on the price of Banks. When one takes into account the enormous increase there should have been in the profits of the first year far beyond what was estimated for that year, an increase that could give shareholders not the 10% tax-free dividend that was estimated for the first year but much more (about 38%) than the 30% tax-free dividend that was estimated for the fifth year, it is too much to ask the shareholders NOT to pass on half cent to the consumer so that Banks can remain at twenty-five cents a bottle? Remember that unless two bottles of beer are bought they cannot pass on a half cent to the consumer as we have no half cent coin yet. They will have to charge twenty-six cents for one bottle. That will mean a further increase in their dividend. A half cent on 900,000 gallons equals $72,000. Is it any wonder that the price of Banks has not been raised yet?

Fair to Public

There seems to be no alternative on their part but to keep the price at twenty-five cents a bottle, if they are to be as fair to the public supporting Banks as Government is fair to them in promoting Banks.

They will pay no income tax for five years. They have not paid any customs duty on their machinery, equipment, and building materials. They do not pay any customs duty whatever on any of the raw materials — hops and malt imported for the manufacture of Banks. Very few companies enjoy these benefits.

The small sum of fifty cents excise duty on each gallon of beer produced, which will now be increased to seventy-five cents a gallon, is of course included in the cost of production and passed on to the consumer in the selling price.

Profits

On 900,000 gallons, the excise duty at fifty cents a gallon brings to Government $450,000 revenue. The profit made last year on the production of this quantity is estimated at $943,900. At seventy-five cents a gallon excise tax the Government should get an additional $250,000 in revenue, and shareholders' profit would be reduced to about $693,000. This profit should yield to shareholders a tax free dividend of about 29%. Could

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subsistence such as land to farm, and, being entirely dependent on estate work, life was doubly hard.

Don't Mind Tax

Many residents expressed the view that they did not mind the taxes on beer, rum, sugar, etc.—not even the tax on potatoes. But one thing they were very concerned about was the ability to get cheap food in the form of ground provisions—plantains, eddoes, yams, tannias, cassava. These provisions were unobtainable in L.B.I. estate, they said, and requested that the Government Produce Depot truck should stop at L.B.I. on its regular run to supply their needs. The PPP speakers promised to look into the matter and see what could be done to assist them in this respect.

Keep Banks Price at 25c.

(from page 6)

they reasonably ask more on their investment or grudge the relatively small additional sum that will go to Government for completion of developmental works? Let us not overlook the fact that development measures when completed will bring greater prosperity to everybody and we shall then be in a better position to buy more Banks.

Minister of Labour, Health and Housing, Hon. Mrs. Janet Jagan, will visit the Suddie Public Hospital on Saturday and examine the possibilities of its extension. She will be accompanied by the Deputy Director of Medical Services and the Chief Architect P.W.D.

The Party will return the same day.

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Of course, if the shareholders do not want to absorb the extra tax from high profits, then why not have the D'Aguiar Bros. fat sectional fees and the retail margin, which at six and a half cents for a twenty-five cents bottle is wholly substantial. Indeed some retailers are now charging at less than 25 cents per bottle.

Incidentally, the estimates of profits in the Prospectus did not take into account the sale of Carbon Dioxide gas which is produced to some extent by Banks Brewery and sold for use in the manufacture of aerated waters and sweet drinks. All of this gas was imported from Trinidad for use by sweet drink manufacturers. Surplus Carbon Dioxide is now produced by Banks Brewery and presumably sold locally. Does this not yield additional profit not taken into account in the Prospectus?

Then again, further profits can be expected from Banks Brewery when the residue from the manufacture of Banks, said to be rich in protein is sold for the local manufacture of stock feed as is proposed. Moreover Banks Brewery could further increase its profits if it handled more of its own business instead of paying a company to run a company.

No Dividend Yet

To conclude, shareholders should enquire which part of the Banks Business is bearing the unnecessary expenses of the campaign against the Banks Beer tax—the Banks Business within the delivery gate of the Brewery, or the Banks Business outside the delivery gate? If this campaign is not as it seems to be a Mountain out of Molehill, let's hope it isn't a Red Herring.

No dividend has been paid yet and the long overdue shareholders' meeting has not been called yet. But a special meeting is summoned to protest against a measure that will ultimately benefit British Guiana and the same persons who are being incited to protest.

People's Brewery?

By the way, all this propaganda about Banks being a People's Brewery needs to be looked in the mouth. Examination at Deeds Registry disclosed that 3,120 persons own one third of Banks Breweries as against 350 persons and firms who own the other two thirds.

Mr. Peter D'Aguiar himself held 114,392 shares and D'Aguiar Bros. Ltd. 60,000 shares.

Could do no better than close with the very fitting comments of Mr. John Jardim of Messrs J.P. Santos and Company, Limited, which holds 10,000 shares—

"I have the greatest admiration for Mr. D'Aguiar's advertisement in today's press showing in pictorial form the make-up of the "Cost of Sale" of a bottle of Rum.

It would be interesting to see a similar presentation of a bottle of Banks Beer as and when the figures are available.

I feel that local industries instead of groaning about a moderate rise in their Excise Duty should be proud that they are in a position to contribute rather than put forward arguments which cannot stand the light of day.

All through history, when there was need for a sermon to be preached, there appeared a preacher to preach it.

... Thorstein Veblen.