

The following observations relative to Mr. Kenny's establishment may prove interesting:—

Mr. Kenny's paper works are situated at Dight's Mills, on the Yarra.

In establishing a new industry, the principal question appears to be, whether it can so thoroughly root itself in the soil as to be able to stand, after a brief period, without artificial assistance, and it is considered in the present instance (*i.e.*, of paper) that it can; for these reasons.

The difference of price of the raw material. In Victoria, rags are obtainable at about an average of £7 per ton; in England, they cost about £11, speaking in the rough. But this does not represent, by any means, the total monetary difference. The English rags are commonly worn to the stump, and are really rags, in the full sense of the word. Those collected in Australia are simply half worn out dresses, which the high wages, and consequent extravagance of the working classes cause to be thrown away, when, in any other country, they would be carefully repaired. The Australian rags—thus representing a difference in price of 100 per cent., which must necessarily disappear in time, but in the meantime, subsists—have in this alone a powerful protection. To this must be added freight—that is to say, two freights, out and back—insurance out and back, and the expense of bales, costing 8s. or 9s. each. There is noticeable, likewise that, as Indian corn, or maize, grows so freely in Australia, and its leaves and straw make excellent paper, there is a vegetable supply at hand which must necessarily increase with the increase of population and cultivation. The difficulty in the way, therefore, of the production of paper seems to be very small, if the requisite capital be forthcoming. There will always, however, be the same obstacle as attends all infant industries connected with countries of limited population, which are offshoots of such an inexhaustible producer as Great Britain, that the quantity there created being periodically in excess, the Colonial manufacturer will never, for years, know precisely how he stands, as he will be liable to be swamped by a sudden heavy importation of goods, which will be sold, not at their legitimate value, but at cost price, and very often greatly under the cost price.

There cannot be a better situation than Dight's Mills for an undertaking of this nature. There is a sufficient head of water as it is—a fall of say five feet; and if the opposite cliff were blasted, which could be easily done, the fall could be doubled. The Yarra floods, however, would, of course, endanger any very strong embankment. For the purpose of the paper manufactory, however, this is not necessary, as the motive-power is a turbine, the best of all water-engines where an overshot-wheel cannot be used, as it can work with a very slight fall—say three feet. This is the second one in Victoria. Pure water is necessary for making any but coarse paper, but the adequate purity of the Yarra water, at Dight's Mills, is doubted.

The machinery imported is of the very best description. It certainly must have cost from £7,000 to £9,000. It is desirable to notice that the upper compartments, into which the pulp first flows, are to be floored with Victorian slate—a decided improvement, and tending, though infinitesimally, to push on a new industry.

Notwithstanding all the above-mentioned favourable accessories, this spirited undertaking must stand still for the present, unless more capital be forthcoming. The work cannot be done under £20,000. Likewise, in the teeth of the stringent language of the 2nd clause of the Regulations, it will be impossible to make pecuniary advances to Mr. Kenny until a requisite amount of marketable paper of the coarser kinds be produced.

The under-mentioned particulars, furnished for the Board's information, relate to other establishments, on account of which premiums were applied for.

As regards the male and female axle factory of Mr. Dodson, to whom a premium of £200 has been given, the accompanying particulars were supplied:—

The proprietor has been engaged in manufacturing and erecting his machinery for the last two years, and has now successfully established the manufacture. He at present employs ten men and two youths, and pays in wages £30 per week. He states that the addition of two lathes would enable him to employ thirty men and ten boys, and that a ready market could be found for all he could produce. He is at present prevented from putting up additional machinery for want of funds. He has realized on his real property to the extent of £1,000, and not wishing to raise money on his working premises and machinery, is prevented from fully carrying out his enterprise.

It was reported of Mr. Donaghy's rope establishment, at Geelong, that—

The hemp used in the establishment is the ordinary Manilla. That the work seemed to be very well done, and that there is no question as to the immense value of manufacturing our own ropes, as it not only keeps money in the country, but indirectly stimulates the growth of hemp. The Board, it will be noticed above, have awarded Mr. Donaghy £50 for the manufacture of flat ropes, which are extensively used in mining operations.

Respecting the perfumery establishment of Mr. Watts, at Warrnambool, the following particulars were reported:—

The premises used are his own residence. One room, part of the cellar, and a small outhouse, are devoted to the manufacture of perfumery, bottling, and getting up for sale. The still (two gallons) is in the outhouse. The garden is barely a quarter of an acre in extent, and mostly planted with lavender. He depends almost entirely on other gardens for his flowers. The applicant, his wife, and one child, are all who are permanently employed, and in the season he has employed as many as twenty children to gather blackwood and wattle-blossom in the bush. The establishment is on a very limited scale; but it is considered that Mr. Watts understands his business. It was also reported, that during 1865, twenty-five gallons of spirits were used by Mr. Watts in the manufacture of perfumery. Applicant has been awarded £50.

The Board received the subjoined information respecting the tannery of Messrs. A. Douglass and Co., of Geelong, on account of which a premium of £50 was awarded to that firm:—

The Barwonside tannery is situated below the breakwater on the River Barwon, and about three miles from Geelong. It has been formed within the past year. A large quantity of skins were on the premises, consisting of calf, kangaroo, sheep, goat, and dog skins—in the various stages of conversion into morocco and other fancy leathers, prepared in the German and French styles, under the superintendence of artisans from those countries. The kangaroo skins make a very soft and beautiful