

THE PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY TO MR. LAING.

Peninsular and Oriental Steam Navigation Company's Office,
122, Leadenhall-street, London, E.C., 14th November, 1859.

SIR,—

I have the honor, by order of the Directors, to acknowledge the receipt of your Letter of the 9th instant, stating, in reply to my communication of the 4th, that the Lords Commissioners of Her Majesty's Treasury have no objection to the substitution of the Ceylon route for that of Mauritius for the Mail Contract Packets between Suez and Australia, and for the establishment of a separate monthly line of Packets between Aden and the Mauritius, as originally agreed upon in the correspondence which took place between the Treasury and the Company in the early part of 1858, as soon as the necessary arrangements can be made; their Lordships being of opinion that the route of Ceylon for the Australian Packets will be on the whole more satisfactory to the Colonies, and more for the interest of the public as well as of the Company. (Enclosure.)

In reply, I am desired to acquaint you for the information of their Lordships, that the Directors, will accordingly transmit instructions on the subject to their agents in India and Australia by the next outgoing Mail, and that they hope to make arrangements for giving effect to the change of Route with the departure from Southampton of the Mail of the 12th of March, and the homeward departure from Sydney of the Mail of the 14th of the same month.

A steamer will, in that case, be provided at Aden for the conveyance to Mauritius of the March outward Mail, and another at Mauritius for the conveyance to Aden of the Mail leaving Mauritius about 7th April next.

The Directors beg respectfully to decline the proposition of their Lordships as regards the termination of the Contract by either party after two years' experience of the Ceylon route without penalty on giving twelve months' notice, and they will prefer to adhere to the terms and conditions of their tender for the Australian Service, with the exception of the alteration of the route.

The Directors feel it right, however, to repeat their opinion that without the addition to the subsidy proposed in their Letter of the 4th, the Company will not be able to maintain the Australasian Service, even under the new arrangement.

I have, &c.,
(Signed) C. W. HOWELL,
Secretary.

Samuel Laing, Esq., M.P.,
&c., &c., &c.,
Treasury.

MR. LAING TO THE PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY.

Treasury Chambers,
15th November, 1859.

GENTLEMEN,—

The Lords Commissioners of Her Majesty's Treasury have directed me to state, in reply to your Secretary's Letter of the 14th instant, further on the subject of the proposed alteration in the route of the Australian Mail Service that My Lords will not insist upon the condition to which you object, as regards the termination of the Contract by either party after two years' experience of the proposed route by Ceylon, and they will be prepared to adhere to the terms and conditions contained in the original tender for this Service and of that to the Mauritius, with the single exception of sanctioning the alteration of route as proposed in your Secretary's Letter of the 14th instant. (Enclosure.)

As the Service, however, by the altered route at the rates of subsidy fixed by the tenders, is avowedly experimental on your part, it must be understood that the sanction thus given by Her Majesty's Government is also provisional, and may be recalled at any time upon reasonable notice if circumstances should occur to render it desirable.

Among the circumstances My Lords must repeat that much may depend on the manner in which your Company conduct their traffic at Galle, Aden, and the other points of junction, so as to satisfy the reasonable expectations of the Colonies of Australia and Mauritius, by whom so large a proportion of the subsidy is contributed.

I remain, &c.,
(Signed) S. LAING.

The Directors of the Peninsular and Oriental
Steam Navigation Company.