The expedition, in conformity to the instructions, proceeded in the first instance to Botany Bay. This, to their disappointment, was found an unsafe harbour; and the country far from suitable for the intended purpose. On exploring the coast, they unexpectedly found, about seven miles to the northward, a capacious and beautiful harbour, which Cook had reported as fit only for boats; this, which they called Port Jackson, proved to be adapted to the intended purpose, and to it they removed. The people of the colony were landed on the 26th of January, 1788. The Governor delivered an address to his settlers on the 7th of February, strongly recommending marriage to the convicts; and in consequence of this admonition, fourteen marriages took place the succeeding week.

In 1790, one of the severe droughts to which the country is liable occurred, and the colony was reduced to great distress for provisions. All the live-stock, which had been imported for breeding, was killed off for food, and the inhabitants were reduced to an ear of corn per day. From the exhaustion which prevailed, all labour was suspended.

In February, 1792, the first lieutenant-governor arrived. He was also commandant of the New South Wales corps. This corps was specially raised for service in the colony, and was one of the greatest evils under which it suffered for many years.

In December, 1792, Governor Philips returned to England.

In September, 1795, Governor Hunter arrived, and assumed the direction of affairs. His administration lasted until 1802.

During the interregnum between Governors Philips and Hunter, Captain Paterson acted as governor.

In 1794, the first free settlers arrived in the colony.

The officers of the New South Wales corps soon became merchants, and dealt in all that was issued from the public stores. Rum was the great article of traffic; and an act was passed, that on the arrival of any vessel with stores, an issue of spirits from her cargo should be made to each officer in proportion to his rank.

The officers also obtained the manifest of every vessel that arrived, selected what they thought proper from her cargo, and afterwards disposed of it to the soldiers, settlers, and convicts, at a large profit.

They claimed the privilege of importing spirits, which was refused to others, and of selling it to the non-commissioned officers, many of whom held licenses to sell spirits by retail. In this way, many of the officers of the New South Wales corps realized large sums by trade, and counteracted all the endeavours of the governor to effect a reform in the colony.

In September, 1800, Captain King assumed his duties as governor,