Located in the centre of the city, the Cave Gardens Reserve is the site of the establishment of Mount Gambier. Early settlement in the area occurred around the abundant fresh water available in the cave. As Mount Gambier developed the reserve was used as a public space and was slowly converted into an attractive garden and a popular recreational hub.

Les Hill provides a detailed history of the cave and gardens in his 1972 book, Mount Gambier: The City Around a Cave:

THE CAVE GARDENS - The Cave Reserve or Cave Gardens, beautifully kept area in the centre of Mount Gambier, has been part of our heritage since the earliest days of white settlement. Even before, it was a popular watering place for the Aborigines. Over the years gardens and lawns have been created around the Cave which provides a natural water drainage for the city.

When the town was first settled there was an ample supply of fresh water in the bottom of the Cave ... . There is no doubt that the site of the future city was decided because of the useful water in the Cave. Henty built a stockade there, the police in the 1840s used the old hut and later had a building erected for their own purposes in this area, while the first publican "Black" Byng, built his 'hotel' next to the Cave and its valuable water - and so the town of Mount Gambier was built around the Cave.

The slab and bark roofed building on the Cave Reserve used by the Police from 1847 to 1856 was later used for school purposes. The exact position is unknown but it is believed to have been near the present Elder Smith-Goldsbrough Mort building.

Mr. W.A. Crouch is credited with having cut the first steps leading to the water. In 1936 Mrs. Elizabeth Knight, then in her 93rd year, recalled "Many a time I carried water up those steps in a jug that the troopers had placed on my head" ... 

A windlass was constructed on the western side of the Cave; water was hauled to the top and then sledge-drawn around the town by bullocks to be sold at a profit by the enterprising businessman. For some years this was the source of the town water supply but in the late
the 1850s was superseded by the digging of wells of up to 90 feet deep. Early settlers used to picnic in the cool cavern by the side of the pool of spring water. In October, 1896 it was reported that a small dog had fallen "into a small circular shaft which had been constructed in the early days. This shaft went right through the mass of rock covering the Cave, down 40 to 50 feet, giving access to the water".

During most of last century water remained at the bottom of the Cave. Over the years a number of people, particularly children, have fallen into the water ... . Fortunately only one drowning has been recorded, that being in 1878 when a demented young man ended his span on earth in the water of the Cave. ... It was stated that the bottom of the Cave was filled with logs. Twenty years earlier, after residents had discontinued drinking the water, the Telegraph Officer fenced off the reserve to contain his horses but incensed citizens pulled down the fence and threw the materials into the Cave. This timber was not cleared away for 50 years.

In the early 1860s a horse fell into the open hole and a discussion followed relating to the possibility of filling in the large hole. It was during this period that additional unwanted trees and limbs were felled, cut into short lengths and thrown into the bottom of the Cave, then still filled with water.

The first road around the reserve was only 18 feet wide, mainly constructed for the benefit of residents visiting the Oddfellows and Foresters Hall ... . It was widened in 1870 after much criticism as citizens felt that one section of the public was being favoured. Sports were held on the reserve in the 1860s, the first fence being constructed in 1869. A market was opened in the reserve a year later but had little success, neither sellers nor buyers supporting the project.

As early as 1865 it had been suggested that the reserve be converted into a Botanical Garden, but little was achieved in this direction for many years. Seven seats were erected in 1892 and 50 flowering gums planted the following year. From this period the Council gradually beautified the Reserve although progress was slow. Paths were constructed and many varieties of plants, shrubs, roses and lawns planted and a transformation resulted. The reserve was completely re-constructed in 1925 under the direction of Mr. W.D. Robinson and the Rosary planted in 1909 is now recognised as one of the best in the state.

The gardens are a far cry from the last century when one incensed citizen wrote to the local newspaper - "the cave is a common receptacle for all the filth and refuse of the town. Instead of the reserve being used as a public pleasure ground it is rapidly becoming a public dung-heap. It is now a plague spot".

One of the first projects of Mount Gambier councillors in the last century was to divert the flood waters of the town into the Cave and ever since this has been a most convenient disposal of all excess water. ... The accumulation of silt was cleared in 1914 with a traction engine when 503 cubic yards was hauled out and again in 1930, 1,000 tons was extracted. On the latter occasion the silt was eight feet deep.
Portions of the Cave Reserve have had numerous uses. Besides the permanent buildings on the northern side ..., the south-eastern end was for many years the site of the Mount Gambier Baths. Erected in 1898 they were extensively used by young and old for more than 40 years.

At one time the Council desired to erect horse stables in the area but public opinion was strongly against the suggestion and the idea lapsed. The Corporation Fire Brigade had a wooden shed for its horse drawn vehicles on the eastern side for many years, then later their motorised engines were housed in the Town Hall building.

In 1922 a captured German gun was placed in the reserve but a few years later it was removed .... The Pagoda was presented to the town in 1933 by Mrs. Robert Hutton, a former resident.

For more than 50 years the town could boast of an impressive flagstaff. .... In September, 1883 it was moved to a position in the Cave Gardens, opposite Jens' Hotel, where it remained for 40 years until at 8 p.m. on January 1, 1926 it crashed to the ground without the slightest warning. It was a hot New Year's night with at least 200 folk on the lawns, yet no one was injured.

An air-raid trench five feet deep was dug in the Gardens in January, 1942 as a model for householders, at a time when air raids were thought possible. Fortunately this was never required.