Policy Brief

Extending SETS Program Funding Cycles from Three Years to Five–Seven Years

Prepared by: The Social Policy Group, national settlement peak body

Addressed to: Office for Multicultural Affairs, Department of Home Affairs

Date: 13 July 2026

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Series: *Part of the Social Policy Group Settlement Peak Body - Settlement Program Design and Performance Series: (1) SETS Funding Cycles, (2) YTS/EPRI Permanency & National Coverage, (3) DFV Funding for Settlement Providers, and (4) Value-For-Money Analysis in Settlement.*

Executive Summary

The Social Policy Group, as national settlement peak body, recommends that the standard grant term for the Settlement Engagement and Transition Support (SETS) program be extended from three years to **five years, with a government-held, performance-conditional option for a two-year extension (5+2)**. The current SETS agreement concludes on 30 June 2027. The design of the next grant round is the opportunity to make this change.

Recommendations

1. Move standard settlement grant agreements from three years to a five-year term, with a two-year extension held as a government option and a lighter three-year performance checkpoint in place of a full competitive re-tender.
2. Pair the longer term with explicit equity safeguards so the program remains open to newer, smaller, ethno-specific, and refugee-led organisations. Safeguards include staggered entry points and proportionate grant assessment.
3. Apply the change from the grant round following the current SETS agreement period (1 July 2024 – 30 June 2027).

Why this change

- **Settlement takes years; its funding is re-contested every three years.** Since 2019, SETS has supported more than 200,000 humanitarian entrants and vulnerable migrants as they build English proficiency, employment pathways, and community connection. That journey unfolds over many years, yet the program's funding design interrupts it every three years.
- **Workforce stability.** Settlement work is relationship-based and trauma-informed, delivered largely by multilingual staff with lived refugee and migrant experience. Because providers cannot offer employment beyond the grant term, experienced staff leave before each cycle

ends; a pattern documented in SPG's *Settlement Voices* research, the ACOSS community sector survey, and the Government's own sector consultations.

- **Planning, investment, and continuity.** A 5+2 term lets providers design programs properly, invest in workforce, systems and infrastructure, and sustain community capacity building and complex client support.
- **Administrative efficiency.** Each three-year cycle triggers a full competitive grant process for the Department of Home Affairs, the Community Grants Hub, and providers. Home Affairs pays an average of $738,830 each year for SETS administration through Community Grants Hub alone (ANAO, 2026). Longer terms redirect this effort from repeated, intensive procurement towards active grant management, assurance, and policy development.
- **Alignment with the Government's own settings.** The Commonwealth Grants Rules and Principles (CGRP) 2024 advise that longer-term agreements may better achieve value with relevant money, and the Community Sector Grants Engagement Framework (2025) makes longer grant terms a central reform direction for all agencies administering community grants, including Home Affairs. This proposal aligns with the Government's rules, principles, and reform agenda.
- **Consistent international evidence.** Evidence reviews across the UK, the European Union and New Zealand converge on the same finding that short-term grant funding drives staff turnover, adds administrative burden, and disrupts continuity for vulnerable clients.

Government oversight is strengthened, not reduced

A competitive, merit-based process still opens each five-year cycle. The three-year checkpoint gives the Department a sharper performance instrument than a full re-tender, and the two-year extension is exercised at the Government's option, conditional on performance. Outcomes-based reporting through the Settlement Outcomes Framework and DEX continues across the grant's lifecycle.

Equity safeguards

The diversity of the SETS provider base is a strength, from long-established migrant resource centres to emerging refugee-led and ethno-specific organisations. Longer terms are therefore paired with staggered entry points, proportionate assessment and mentoring pathways, consistent with the Community Sector Engagement Framework's commitment to diversity.

For a 5+2 design to take effect from 1 July 2027, the decision is needed now, in the design of the next SETS grant round. The evidence and the Government's own grant rules point the same way: a 5+2 term delivers a more stable workforce, continuous services for humanitarian entrants, and vulnerable migrants, and better value for the same money.

Policy Brief – Extending SETS Program Cycles

Brief Purpose

This brief sets out the evidence on settlement program funding cycle length and options for consideration by the Office for Multicultural Affairs (the Office). It examines the case for extending standard settlement grant agreements, including specifically the Settlement Engagement and Transition Support (SETS) program, from the current default three-year cycle to a five-year term plus an optional 2-year extension. Extending grant duration will improve workforce stability, service continuity, and value for money, while maintaining diversity of provision and government oversight.

Brief Recommendations

On the balance of the evidence, the Office is encouraged to consider:

1. Moving standard settlement grant agreements from a three-year grant duration to a five-year grant duration with a government option for a two-year extension, alongside a three-year performance checkpoint in place of a full competitive re-tender.
2. Pairing longer terms with explicit equity safeguards, so entry to the program remains open to newer, smaller, ethno-specific, and refugee-led organisations and longer cycles do not entrench incumbents.
3. Applying the change from the grant round following the current SETS agreement period (1 July 2024 – 30 June 2027).

Background

SETS is delivered on rolling three-year grant cycles, with the current (second) round running from 1 July 2024 to 30 June 2027, complementing the Humanitarian Settlement Program. Since 2019, SETS has provided early-intervention settlement support to more than 200,000 humanitarian entrants and vulnerable migrants,[1] building on the prior long-standing Settlement Grants Program (SGP). Settlement is widely recognised as a process that unfolds over numerous years as clients establish English proficiency, employment pathways, community connection, and stability. The funding that delivers settlement services, however, is re-contested every three years.

Evidence and analysis

1. **Short funding horizons undermine workforce stability.** Settlement work is relationship-based and trauma-informed, and a large majority of the settlement workforce are themselves from refugee or migrant backgrounds. This makes workforce continuity

[1] Department of Home Affairs response, in Australian National Audit Office (ANAO). (2026). *Settlement Engagement and Transition Support Program. The Auditor-General, Auditor-General Report No. 28 2025–26, Performance Audit.*

particularly important: experienced, multilingual staff with lived experience are hard to replace, yet settlement providers report difficulty offering contracts beyond the grant period. As a result, staff commonly seek more secure employment before the grant ends, disrupting progress that was made and displacing service-client relationships during crucial settlement periods. This matches evidence from other community service grants with short durations, including the ACOSS community service sector survey (2023), with a community service CEO outlining: *'Short-term contracts and late notification of extension significantly impact our ability to retain staff as they seek more stable employment elsewhere.'*[2] This is further evidenced in SPG's *Settlement Voices* research, which documents the resulting loss of these workers and its outcomes.[3]

> *Almost all stakeholders identified grant duration as a significant issue, with consensus that standard grant durations are too short. Many stakeholders explained that short grant durations cause significant challenges for service delivery and adversely impact community outcomes. They raised workforce challenges as the primary issue, with short grants making it difficult for [Civil Society Organisations (CSOs)] to attract and retain high quality staff, as they are unable to offer secure employment. Stakeholders identified that this adversely impacts the quality of support and outcomes CSOs provide, because they can't meet service demand, lose institutional knowledge and experience when staff leave, and are discouraged from investment in education and training when it cannot be completed within the timeframe of the grant. Furthermore, changes in staff cause instability for people needing services, as relationships between CSOs and individual staff members with communities that support improved outcomes may need to be rebuilt.* – **Social Ventures Australia, 2024**[4]

2. **Longer-term support planning, relationship-building, and continuity**. Longer funding terms enable the planning, investment, and continuity needed for quality settlement service delivery. A three-year horizon is too short to justify the up-front investment that effective delivery depends on. With a five-year term and two-year extension, providers can design programs and projects properly, plan and build their workforce with confidence, and invest in organisational systems and infrastructure (including IT and data systems, reporting capability, premises and governance) that strengthen service quality but take time to establish and recoup. Short cycles discourage this investment because the payback period exceeds the funding horizon.

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[2] ACOSS. (2023). *At the precipice: Australia's community sector through the cost-of-living crisis. Findings from the Australian community sector survey.* April 2023.
[3] The Social Policy Group. (2025). *Settlement Voices. Amplifying the Unique Perspectives of Settlement Workers with Lived Refugee or Migrant Settlement Experience. September 2025*. See Chapter 02, Farida (Communicare WA): Short-term funding also perpetuates job insecurity for settlement workers relative to workers in other industries. '[Workers] say, "Okay, after one or two years this program is going to finish," so they will start looking for other jobs…'
[4] SVA. (2024). Summary of Submissions: Department of Social Services - Reforms to strengthen the community sector.

Longer terms are also essential for settlement community capacity building (CCB) and support for clients with increasingly complex, long-term needs. New CCB projects and activities typically take a number of months to establish trusting, productive relationships with community organisations and leaders, leaving limited time in a three-year cycle to consolidate outcomes.[5] [6] Similarly, DFV support, employment pathways support, refugee disability access and complex health referrals, alongside other core SETS activities, may arise at different points throughout the settlement journey and may take years to coordinate and support individually. A funding cycle that concludes mid-engagement creates avoidable discontinuity precisely when clients and communities are most engaged.

> *Short contracts and uncertainty about when services will be put to tender prevent service providers from planning ahead, innovating and investing in their workforce.* – **Australian Government, Productivity Commission Inquiry Report, No. 85, 2017**[7]

3. **Fewer procurement cycles free administrative capacity for management and policy.** Each three-year cycle requires a full competitive grant process and creates significant administrative work, including application assessment, grant closure and new-agreement establishment, for the administering agencies (the Department of Home Affairs and the Department of Social Services [DSS] - Community Grants Hub), as well as proposal writing, transition planning, and client-handover risk for settlement providers. The average annual amount paid by Home Affairs to DSS for SETS administration is $738,830.[8] Longer-term grant funding will allow more active management of the grant in lieu of extensive procurement, assessment, initiation, and activity work plan design and feedback rounds. Longer terms of five years plus an optional two-year extension will reduce the frequency of this turnover and the subsequent administrative work, instead redirecting departmental efforts away from repeated procurement and towards valuable efforts such as active grant management, assurance, adjustment, and policy development.

4. **International evidence reaches the same conclusion.** Evidence reviews and sector surveys across the UK, the European Union (EU), and New Zealand converge on a consistent pattern: short-term, project-based grant funding is associated with higher staff turnover, heavier administrative burden for funders and providers alike, and disrupted continuity for the vulnerable clients such services exist to support.

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[5] The Social Policy Group. (2024). *Effective community capacity building in the settlement context*. SETSCoP. https://socialpolicy.org.au/wp-content/uploads/2024/12/SPG-SETSCoP-CCB-Report-Digital.pdf
[6] The Social Policy Group. (2025). *Settlement Voices. Amplifying the Unique Perspectives of Settlement Workers with Lived Refugee or Migrant Settlement Experience. September 2025*. See Chapter 05, Zeina Omran and Nancy Mkojera-Thomson (Cultura VIC). 'Nancy explained that it can take up to six months to gain community trust and confidence when delivering a new program, and before momentum can be generated. Longer grants allow settlement workers to effectively identify and respond to gaps, and ultimately improve settlement outcomes.'
[7] Australian Government. Productivity Commission Inquiry Report. No. 85, 27 October 2017. *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services.*
[8] Australian National Audit Office (ANAO). (2026). *Settlement Engagement and Transition Support Program. The Auditor-General, Auditor-General Report No. 28 2025–26, Performance Audit.*

A United Kingdom government rapid evidence review of the Department for Culture, Media and Sport's policies and sector interventions in supporting strong communities between 1999 and 2025 found that the literature consistently pointed to the need for long-term investment in order to create the conditions for stronger communities. The review found that allowing time for relationship-building is essential and that securing local buy-in, building trust, and creating sustainable networks can take years.[9]

The European Parliament's 2022 resolution called for long-term, predictable, adequate, and enabling financing for civil society organisations,[10] and the European Commission's 2025 Civil Society Strategy makes sustainable and sufficient funding one of its three central pillars.[11] This builds on the European Economic and Social Committee's set of 26 recommendations on civil dialogue and access to resources, which called on the budget authorities to increase funding for civil society organisations, including in the form of operating grants and multiannual financing.[12]

New Zealand's peak community-sector body, Hui E! Community Aotearoa, has found that much community-sector funding is short-term, limiting organisations' ability to plan for the longer term, invest in people and infrastructure, and offer permanent rather than fixed-term roles.[13]

5. **Longer grant duration aligns with the Australian government's grants rules and reform agenda.** In March 2025, the Australian Government released the Community Sector Grants Engagement Framework, a whole-of-government framework developed through public consultation, including the Community Services Advisory Group and an interdepartmental committee of Commonwealth agencies. Longer grant agreement terms are one of the Framework's central reform directions, alongside greater funding certainty, earlier notice of renewal or cessation, enhanced flexibility, and greater diversity of funded organisations. This framework applies to all Australian Government agencies that administer community grants, including Home Affairs, whose SETS grants are administered through the DSS Community Grants Hub.[14] Extending the SETS grant term is therefore squarely consistent with the government's stated direction.

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[9] UK Government. (2025). Research report: understanding the role of DCMS in building and strengthening community connections. 10 July 2025.
[10] European Parliament. (2022). *Resolution of 8 March 2022 on the shrinking space for civil society in Europe*. P9_TA (2022) 0056 (report A9-0032/2022, Committee on Civil Liberties, Justice and Home Affairs).
[11] European Commission. (2025). *Communication on an EU Strategy for Civil Society*. 12 November 2025.
[12] European Economic and Social Committee. (2017). *Financing of Civil Society Organisations by the EU* (own-initiative opinion, SOC/563). Adopted 19 October 2017. Official Journal C 81, 2 March 2018, pp. 9–15.
[13] Hui E! Community Aotearoa. (2022). *Community Funding White Paper 2022*. https://www.huie.org.nz/wp-content/uploads/2022/05/Hui-E-Community-Funding-White-Paper-2022.pdf
[14] Department of Social Services. (2025). *Community Sector Grants Engagement Framework*. Australian Government. https://www.dss.gov.au/system/files/documents/2025-02/community-sector-grants-engagement-final.pdf. Pillar 2 (P10) and Summary (P7): 'when designing grant opportunities, to take into account meaningful consultations with the sector, longer term grant arrangements, grant flexibility and proportional approaches to encourage diversity.'

The Commonwealth Grants Rules and Principles 2024 (CGRPs), issued by the Minister for Finance under the Public Governance, Performance and Accountability Act 2013,[15] and the binding framework that governs how the government designs and administers grant programs such as SETS, repeatedly steers design toward longer grant terms. Under the principle of achieving value with relevant money, the CGRPs advise that longer-term grant agreements 'may better achieve value with relevant money and government policy outcomes' than running multiple shorter grant opportunities (para 12.4). The same instrument advises that multi-year grant activity is better served by longer agreements than by repeated grant rounds (para 10.6), and that longer terms support stronger working partnerships between providers and officials (para 8.5). SETS, a multi-year, relationship-based delivery for humanitarian entrants and vulnerable migrants, aligns closely with these provisions.

A necessary safeguard: equity of access

Longer terms carry a trade-off that the evidence requires to be addressed directly.[16] The diversity of the SETS provider base, from larger, established migrant resource centres to newer refugee-led and ethno-specific organisations, is a core strength of the program. A five-year term plus a two-year extension (5+2) is recommended, provided equity is built into its design. Extended cycles, if not carefully designed, risk locking out newer, smaller, and local organisations. Very long cycles (for example, seven to ten years) could disadvantage and be less accessible to grassroots and refugee-led providers seeking to enter or grow.

This approach is also consistent with the Australian government's own Community Sector Grants Engagement Framework, which supports longer grant terms with a concurrent commitment to greater diversity of funded organisations, specifically under Pillar 4: Encourage diversity and flexibility, noting that *'diverse organisations include those of different sizes and scope'* and noting that the community services sector expressed that '*grants which are too rigid can act as a barrier to a diverse range of organisations accessing funding.'* The same pairing of a longer grant duration with a commitment to diversity in organisations is proposed here. The CGRPs reinforce this pairing: officials are directed to design selection criteria so they do not *'unintentionally exclude suitable grantees'* (para 13.6), and to ensure that restrictive eligibility criteria do not shut out applicants better placed to deliver the outcome (para 11.7).

For SETS, a longer grant term should be combined with an effective assessment approach and periodic openings for new entrants in a staggered cohort, so longer funding cycles improve stability without excluding smaller, newer, refugee-led, or ethno-specific providers. The initial and staggered

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[15] Department of Finance. (2024). *Commonwealth Grants Rules and Principles 2024* (F2024L00854). Australian Government. Made under section 105C of the Public Governance, Performance and Accountability Act 2013; commenced 1 October 2024. See in particular paragraphs 8.5, 10.6, 12.4 and 14.16.
[16] Department of Social Services. (2025). *Community Sector Grants Engagement Framework*. Australian Government. https://www.dss.gov.au/system/files/documents/2025-02/community-sector-grants-engagement-final.pdf

grantee assessment approach should be proportionate and adaptive to not preclude newer or smaller organisations from accessing SETS funding. This approach balances stability with continued diversity.

Policy options

Option	Description	Assessment
A. Status quo	Retain three-year cycles.	Continues workforce churn and re-tender burden; no change to continuity or value for money.
B. Five-year term	Extend the standard term to five years.	Better matches settlement timeframes; moderate reduction in administrative burden; does not by itself address equity of entry.
C. Five years with optional two-year extension subject to performance at checkpoint and with equity safeguards (recommended)	Longer base term, with a lighter performance review at three years instead of full re-tender, and safeguards for new entrants.	Best balance of stability, accountability and continued diversity; preserves oversight without full re-competition each cycle.

Implementation considerations

- A mid-term checkpoint at three years preserves the Department's ability to address underperformance without resetting the provider base each round. It replaces the expensive, disruptive, and blunt mechanism of re-tender for performance management with a sharper instrument to ensure that service providers consistently meet the requirements of the SETS grant agreements. Furthermore, the two-year extension is government-optioned and performance-conditional, so the Commonwealth retains active management of the grant.
- Longer terms should be paired with clear, outcomes-based reporting (building on the Refugee and Humanitarian Entrant Settlement and Integration Outcomes Framework and DEX) so oversight is maintained through the life of the grant.
- Equity safeguards, including periodic entry points of staggered cohorts, proportionate assessment for smaller organisations, and mentoring pathways, keep the program open to new and refugee-led providers.
- Competitive entry is preserved. A competitive, merit-based process still opens each five-year cycle, consistent with the CGRPs' default preference for competitive selection (para 11.5). The reform lengthens the term within each cycle rather than removing competition. Because the two-year extension is built into the grant as a government-held, performance-conditional option rather than an ad hoc variation, it stays clear of the caution that variations should not substitute for planning a new grant opportunity (para 14.13), while taking up the CGRPs' own preference for longer terms over repeated re-contracting (para 14.16). For established, high-performing providers, longer terms also support the proportionate, streamlined reporting the CGRPs encourage where the same organisations deliver services over a period of years (para 9.5).

Prepared by The Social Policy Group, national settlement peak body and facilitator of the SETS Community of Practice (SETSCoP). We welcome the opportunity to discuss this brief further.

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About SPG

The Social Policy Group (SPG) is a trusted partner of government, community leaders, and service providers with a proven track record of delivering impactful and responsive social policy solutions for Australia's communities. As a peak body for settlement, multicultural health, and multicultural affairs, and a recognised leader in best practice and thought leadership across areas such as gender equality, economic analysis, access to justice, and community sector capacity building, SPG plays a pivotal role in fostering equitable social policies through facilitation, evidence-based practice, and collaborative partnerships.

As a designated Settlement Peak Body, SPG facilitates the Settlement Engagement and Transition Support Community of Practice (SETSCoP), connecting providers, building sector capacity, and platforming expertise from across the network. SPG synthesises frontline settlement service experience to inform the government in policy and program development. Through state and territory meetings, thematic subgroups, webinars, and the National Forum, SPG supports peer-to-peer learning and showcases innovative practice. SPG helps to embed continuous improvement across the settlement sector, provides thought leadership on complex and cross-cutting issues, and ensures that the voices and experiences of practitioners and frontline workers inform program and policy development.