

# Ethical Supplier Mandate and Ethical Supplier Threshold Factsheet

For Government Buyers

Department of **Energy and Climate**



The Queensland Government is committed to engaging suppliers who deliver quality, secure ongoing local jobs with fair pay and safe working conditions.

The Buy Queensland procurement approach maximises the social, economic and environmental benefits of government procurement for Queenslanders. The Ethical Supplier Threshold (the Threshold) and the Ethical Supplier Mandate (the Mandate) reinforce this commitment and aim to drive positive behavioural change among government suppliers; not punish accidents or honest mistakes that are found and corrected.

### Ethical Supplier Threshold

The Threshold is a set of minimum legal requirements applicable to all suppliers in all procurement categories who want to do business with the Queensland Government. The Threshold is established at clause 19 of the Queensland Procurement Policy 2023 (the QPP).

A completed Threshold declaration is a pre-requisite of all suppliers doing business with government and must be lodged with the tender submission for a government contract. Where a supplier's declaration indicates non-compliance with the Threshold, government buyers should immediately:

- consult with the supplier to eliminate the prospect of human error in completing the Threshold declaration
- check the Procurement Compliance Portal to see if the supplier has a history of non-compliance and
- consult with the Queensland Government Procurement Compliance Branch for advice

prior to appraising the supplier's tender response. In such instances, government buyers must evaluate the risk of engaging the supplier and ensure the rationale for rejection or further consideration of the offer is carefully documented and retained.

### Ethical Supplier Mandate

The Mandate is a disciplinary framework that applies to all suppliers yet impacts only those suppliers found to breach the Threshold or have not complied with a policy, law, regulation or other contractual obligation.

The framework enables the government to issue suppliers with demerit points and sanctions for Threshold breaches and incidents of non-compliance that are proven to have occurred.

Demerit points are allocated on a sliding scale according to the severity of the non-compliance, while a sanction involves a periodic ban from supplying to the government.

In extreme instances, a supplier will be prohibited from doing business with the Queensland Government as a result of having deliberately engaged in criminal conduct.

The Mandate is established at clause 28 of the QPP.

### Application of the Mandate

The commencement date for application of the Mandate differs across government buyer groups and procurement categories. Demerit points and sanctions can only be issued for non-compliance that occurred while under a contract that commenced:

- **on or after the date the Mandate became applicable** to the procurement category and
- **on or after the date the Mandate was authorised** for application by the government buyer group, namely: budget sector agencies, government-owned corporations, statutory bodies, state-controlled commercial entities and bulk water authorities.

**From 1 February 2024**, the Mandate applies:

- to **General Goods and Services (GGS)**, **Information and Communications Technology (ICT)**, **Social Services (SS)** and **Medical** procurement categories
- to all future procurement categories of the QPP
- by all government buyer groups.

For suppliers to the **Building Construction and Maintenance** procurement category, the Mandate applies to contracts executed by:

- budget sector agencies from 1 August 2019
- statutory bodies from 1 February 2022
- government-owned corporations, state-controlled commercial entities and bulk water authorities from 31 March 2023.

For suppliers to **Transport Infrastructure Services** procurement category, the Mandate applies to contracts executed by:

- budget sector agencies from 1 October 2019
- statutory bodies from 1 February 2022
- government-owned corporations, state-controlled commercial entities and bulk water authorities from 31 March 2023.

## How the Mandate works

All government suppliers alleged to have committed a Threshold breach, or a non-compliance under the Mandate, shall be referred to the Queensland Government Procurement (QGP) Compliance Branch for investigation.

Investigations determine whether the supplier knew or ought to have known they committed a Threshold breach or a non-compliance under the Mandate while under contract with the government or state-controlled entity.

The investigation's findings are provided to the Tripartite Procurement Advisory Panel who recommends to the Decision Maker whether the supplier should be issued with demerit points, with or without a sanction, subject to the nature of the non-compliance.

The supplier is subsequently notified of the outcome of the Decision Maker's determination. If the supplier is issued with demerit points, the supplier has the opportunity to appeal against the process used to inform the Decision Maker.

In the absence of an appeal or where the appeal is denied, the supplier's details and relevant demerit points are immediately entered onto the Procurement Compliance Portal (the Portal).

Where a supplier is issued with 20 or more demerit points within a 12-month period, they can be sanctioned from doing business with Queensland Government for up to 12 months. Suppliers under a sanction are removed from all Common Use Supply Arrangements (e.g., Standing Offer Arrangements) accordingly.

## Procurement Compliance Portal

The Portal is an online record of suppliers issued with demerit points and sanctions under the Mandate.

Information on the Portal is accessible only to buyers from government, government-owned corporations, state-controlled commercial entities and bulk water authorities. Portal access is not available to suppliers.

Entry of a supplier's name on the Portal alerts government buyers to a supplier's history of non-compliant practices.

All government buyers are required to search the Portal to determine whether a supplier has been disciplined under the Mandate.

## What this means for government buyers

All government buyers are responsible for:

- checking the Portal to ensure prospective suppliers have not received a sanction under the Mandate
- ensuring all tender documentation includes either the Threshold declaration template or Threshold questionnaire, which addresses the Threshold's legal requirements, for mandatory completion by all tendering suppliers
- including clauses that address the supplier's obligations under the Threshold and the Mandate in all new contracts including those that are renewed and extended
- referring all alleged breaches of the Threshold and incidents of non-compliance under the Mandate to the QGP Compliance Branch
- enforcing supplier sanctions issued under the Mandate (for example, not exercising contract extension options).

Government buyers procuring goods and services in the GGS, ICT, SS, Medical categories and all future categories under the QPP, must ensure that from **1 February 2024**:

- all tender documentation conveys the Mandate's applicability to all suppliers in all categories
- all contract templates used from the above date contain clauses about the Mandate and the Threshold.

Sample contract clauses are provided in Appendix 2 of the guidelines for the Mandate and the Threshold to assist government legal practitioners develop category-specific clauses for contracts as needed. Further advice regarding the status of category-specific contract templates should be sought from the relevant procurement category in the first instance.

## Additional resources

- [Buy Queensland 2023](#)
- [Ethical Supplier Mandate and Ethical Supplier Threshold](#)
- [Compliance procurement guidance | For government | Queensland Government](#)
- [Procurement Compliance Portal](#).

## Further information

Contact the QGP Compliance Branch:

- [ethical.supply@epw.qld.gov.au](mailto:ethical.supply@epw.qld.gov.au) or
- 1300 10 50 30 (option 3).