

Ethical Supplier Threshold and Ethical Supplier Mandate Factsheet

For Government Suppliers

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. These requirements are 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 declares they do not comply with the Threshold, the procuring agency may request the supplier to provide additional information about their non-compliance before considering the supplier's submission any further.

Ethical Supplier Mandate

The Mandate is a disciplinary framework that applies to all suppliers (and their subcontractors) yet impacts only those suppliers proven to have breached the Threshold or 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 penalty in the form of 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's 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 all businesses that supply goods or services to any existing procurement category under the QPP, including: **General Goods and Services, Social Services, Information and Communications Technology, Medical**
- to all future procurement categories of the QPP
- by all government buyer groups.

For suppliers in the **Building Construction and Maintenance (BCM)** category, the Mandate applies to all 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 in the **Transport Infrastructure Services (TIS)** category, the Mandate applies to all 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), including the prequalification register, accordingly.

Procurement Compliance Portal

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

Portal access is available only to buyers from budget sector agencies, government-owned corporations, statutory bodies, state-controlled commercial entities and bulk water authorities.

Portal access is not available to suppliers and entry of a supplier's name on the Portal alerts buyers to a supplier's history of non-compliant practices.

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

What this means for government suppliers

Suppliers that enter into an agreement with the government on or after **1 February 2024** should:

- review the Mandate's expanded disciplinary framework, which is available from the Ethical Supplier Mandate website (see Additional Resources)

- ensure business practices and record-keeping systems are up-to-date and in-use to support them to fulfil their contractual obligations and all relevant legal, regulatory and policy requirements
- give early notification to the procuring agency where there are unforeseen but legitimate impediments to the fulfilment of one or more contractual terms or obligations and seek a contract variation.

Additional resources

- [Buy Queensland 2023](#) for information regarding the:
 - Queensland Procurement Strategy 2023 and
 - Queensland Procurement Policy 2023
- [Procurement compliance: audit, complaints and investigation | Department of Energy and Climate](#)
- [Ethical supplier requirements | Business Queensland](#)
- [Ethical Supplier Mandate for suppliers | Business Queensland](#)
- [Ethical Supplier Threshold for suppliers | Business Queensland](#)

Further information

Contact the QGP Compliance Branch:

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