



Queensland
Government

MINISTERIAL PORTFOLIO STATEMENTS
2004-05 STATE BUDGET

MINISTER FOR POLICE AND CORRECTIVE
SERVICES

PROSTITUTION LICENSING AUTHORITY

Hon. Judy Spence MP
Minister for Police and
Corrective Services

W J Carter QC
Chair

OVERVIEW

STRATEGIC ISSUES

The *Prostitution Act 1999* (the Act) established the Prostitution Licensing Authority (PLA), which is responsible for granting brothel licences and managers' certificates to suitable people, regulating the licensed sex industry and preventing the involvement of organised crime in the operation of licensed brothels. The PLA commenced operation on 1 July 2000.

The PLA's strategic priorities are to ensure an efficient and effective brothel licensing regime, to ensure that licensed brothels operate in accordance with the legislation and that the objectives of the legislation are achieved. The Crime and Misconduct Commission is in the final stages of reviewing the effectiveness of the Act which will result in a report to Parliament. It is anticipated that the report will indicate the future for prostitution regulation and may well have a significant impact on the current operational priorities of the PLA. A critical challenge for the PLA over the 2004–05 financial year will be the implementation of recommendations arising from the review report.

Amendment of the Act in late 2003 introduced two key changes to the PLA and its functions:

- € two new individuals have been added to the PLA membership. The new members must, in the opinion of the Minister for Police, be qualified to represent community interests
- € two new major responsibilities were added to the functions of the PLA: to advise the Minister for Police about ways of promoting and coordinating relevant programs and to advise the Minister for Police about the development of codes of practice for licensed brothels.

A key challenge for the PLA over the coming financial year relates to managing the implementation of these legislative amendments.

The PLA contributes to the Government's outcome *Safe and Secure Communities*, where all Queenslanders are safe and respected and where workplace health and safety for all workers in the licensed sex industry is a high priority. The PLA is committed to creating a more lawful society which will protect the personal safety, rights and property of all Queenslanders.

STAFFING¹

Output/Activity	Notes	2003-04 Est. Act.	2004-05 Estimate
OUTPUTS			
Brothel licensing and monitoring prostitution through licensed brothels		8.0	8.0
Total Outputs		8.0	8.0
Total		8.0	8.0
Note: 1. Full-Time Equivalents (FTEs) as at 30 June.			

NON-DEPARTMENTAL OUTPUT PERFORMANCE

NON-DEPARTMENTAL OUTPUT: **Brothel licensing and monitoring prostitution through licensed brothels**

RELATED OUTCOME: Safe and Secure Communities

DESCRIPTION

The purpose of the Act is to regulate prostitution in Queensland. The licensing of brothels is the principal means of meeting this objective and the PLA has identified brothel licensing and monitoring as its sole output.

The PLA ensures that the granting of brothel licences and manager certificates occurs after careful consideration of applicants, and that legal brothels will operate in compliance with legislation and under close scrutiny. The PLA:

- € regulates brothel licences and manager certificates
- € ensures safe environments are established for sex workers in licensed brothels
- € enhances the sexual health of the community by an insistence on safe sex practices in licensed brothels
- € contributes to a reduction in the risk of official corruption
- € through the compliance program, operates to prevent the involvement of organised crime in the operation of licensed brothels
- € receives and resolves complaints about prostitution.

As at 30 April 2004, 41 brothel licences and 105 managers' certificates have been issued in Queensland with respect to 13 brothels, with a number of applications nearing completion.

REVIEW OF NON-DEPARTMENTAL OUTPUT PERFORMANCE

Recent Achievements

- € Developed a compliance manual for the conduct of audits and other compliance-related activities.
- € Reviewed brothel licence conditions and the document *Health and Safety Guidelines for Brothels*.
- € Introduced a database to record and monitor complaints about prostitution.
- € Published information about trends and issues relating to prostitution.
- € Reviewed the licence and certificate fees and the process for renewal.
- € Implemented a State-wide education strategy on the role and function of the PLA for key stakeholder groups.
- € Introduced a client service charter.
- € Developed a procedures manual for the processing of appeals to the Independent Assessor.
- € Implemented an advertising surveillance program.
- € Published data collected through the prostitution monitoring program.
- € Engaged the Crime and Misconduct Commission to undertake a review of the probity and compliance functions.

- € Completed full implementation of the privacy framework.
- € Reviewed and re-designed the PLA website to comply with Government standards.
- € Commenced an international comparison of prostitution regulation.
- € Re-engineered the electronic and general filing systems.

Future Developments

- € Implement the PLA's two new legislative functions.
- € Implement recommendations arising from the Crime and Misconduct Commission review of the probity and compliance functions.
- € Undertake a visit to regional Queensland to liaise with local authorities, police and other relevant Government agencies with a view to assisting them in performing their functions in relation to prostitution.
- € Review the PLA business plan in light of the new responsibilities of the PLA.
- € Develop and establish a handbook for brothel managers and commence education of managers about their roles and responsibilities.
- € Review the PLA Code of Conduct.
- € Implement recommendations arising from the Crime and Misconduct Commission review of the effectiveness of the Act.
- € Re-engineer the PLA licensing database.
- € Develop a protocol for handling complaints of a particularly sensitive nature which will balance the rights of individuals with community needs.
- € Liaise with the Department of Industrial Relations to clarify the situation of sex workers in relation to industrial relations law and practice.
- € Review and improve the PLA communication strategy to include improvements to the PLA's annual stand at Sexpo.

NON-DEPARTMENTAL OUTPUT STATEMENT

Non-Departmental Output: Brothel Licensing and Monitoring Prostitution Through Licensed Brothels				
Measures	Notes	2003-04 Target/Est.	2003-04 Est. Actual	2004-05 Target/Est.
Quantity				
Number of licensed brothel premises operating		22	13	14
Number of brothel and certificate applications investigated	1	90	115	100
Number of brothel and certificate applications decided	1	65	68	65
Percentage of complaints resolved		>91%	95%	>91%
Number of compliance activities conducted		200	202	200
Number of licensed brothels implementing best practice standards		22	13	14
Number of brothels requiring 6 weekly health certificates		22	13	14
Quality				
Satisfaction of key local authorities with PLA liaison		80%	100%	80%
Number of complaints by police about the quality of information provided by the PLA for probity investigations		..	..	..
Satisfaction of the Prostitution Advisory Council (PAC) with information and support provided by the PLA	2	..	..	Discontinued
Satisfaction of applicants with PLA client service		80%	92%	80%
Satisfaction of Self-Health for Queensland Workers in the Sex Industry with liaison between the PLA and the sex industry		80%	100%	80%
Satisfaction of the Independent Assessor with support provided by the PLA		100%	100%	100%
Timeliness				
Applications processed within PLA and forwarded to QPS within 30 days		95%	100%	95%
Advertising requests processed within 30 days		95%	100%	95%
Complaints to the PLA about prostitution resolved within 30 days		90%	90%	90%
State Contribution (\$'000)	3	508	653	806
Other Revenue (\$'000)		412	269	307
Total Cost (\$'000)		1,166	1,066	1,113
Notes:				
1. Numbers include both new and renewed applications.				
2. The Prostitution Advisory Council (PAC) ceased, by legislative amendment, during the financial year 2003–04.				
3. Output totals for 2003–04 have been adjusted to include amounts shown for "Advice on and to the Sex Industry". This output was discontinued when the PAC ceased to operate during 2003–04.				

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2003-04 Budget \$'000	2003-04 Est. Act. \$'000	2004-05 Estimate \$'000
Revenues from ordinary activities				
User charges		..	..	..
Grants and other contributions	1,5,8	508	653	806
Other	2,6,9	412	269	307
Total revenues from ordinary activities		920	922	1,113
Expenses from ordinary activities				
Employee expenses		611	595	628
Supplies and services	3,7	295	232	232
Depreciation and amortisation		41	46	43
Grants and other contributions		..	..	..
Other	4	219	193	210
Total expenses from ordinary activities excluding borrowing costs expense		1,166	1,066	1,113
Borrowing costs		..	..	..
Surplus or deficit from ordinary activities		(246)	(144)	..
Extraordinary items				
NET SURPLUS OR DEFICIT		(246)	(144)	..
Non-owner transaction changes in equity:				
- Net increase (decrease) in asset revaluation reserve		..	..	..
- Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity		..	..	..
Total revenues, expenses and valuation adjustments recognised directly in equity		..	..	..
Total changes in equity other than those resulting from transactions with owners as owner		(246)	(144)	..

STATEMENT OF FINANCIAL POSITION

	Notes	2003-04 Budget \$'000	2003-04 Est. Act. \$'000	2004-05 Estimate \$'000
CURRENT ASSETS				
Cash assets	1,3	104	570	595
Receivables		10	16	7
Inventories		..	..	..
Other		1	..	..
Total current assets		115	586	602
NON-CURRENT ASSETS				
Receivables		..	..	..
Inventories		..	..	..
Other financial assets		..	..	..
Intangibles		23	8	15
Property, plant and equipment		267	232	206
Other		..	..	..
Total non-current assets		290	240	221
TOTAL ASSETS		405	826	823
CURRENT LIABILITIES				
Payables		43	25	22
Interest-bearing liabilities		..	..	..
Provisions		51	54	54
Other	2,4	..	225	225
Total current liabilities		94	304	301
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		94	304	301
NET ASSETS (LIABILITIES)		311	522	522
EQUITY				
Contributed equity		..	..	..
Retained surpluses (accumulated deficits)		311	522	522
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		311	522	522

STATEMENT OF CASH FLOWS

	Notes	2003-04 Budget \$'000	2003-04 Est. Act. \$'000	2004-05 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges		..	..	..
Grants and other contributions	1,7,11	508	653	806
Other	2,8,12	467	318	373
Outflows:				
Employee costs		(606)	(594)	(633)
Supplies and services	3,9	(350)	(287)	(287)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	4	(219)	(193)	(209)
Net cash provided by (used in) operating activities		(200)	(103)	49
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		49	80	51
Outflows:				
Payments for property, plant and equipment	5	(62)	(58)	(65)
Payments for intangibles	6,10,13	(17)	..	(10)
Payments for investments		..	..	..
Net cash provided by (used in) investing activities		(30)	22	(24)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Outflows:				
Dividends paid		..	..	..
Borrowings redemptions		..	..	..
Finance lease payments		..	..	..
Net cash provided by (used in) financing activities		..	..	..
Net increase (decrease) in cash held		(230)	(81)	25
Cash at the beginning of financial year		334	651	570
Cash at the end of financial year		104	570	595

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Statement of Financial Performance

Major variations between 2003-04 Budget and 2003-04 Estimated Actual include:

1. Grants have increased as the approval and renewal of brothel licences and managers' certificates have decreased.
2. Other revenue has decreased due to the slow-down in the number of approved brothel licences and managers' certificates.
3. The decrease in supplies and services is mainly due to unresolved litigation issues and a reduction in associated costs relating to the slow-down in new applications for brothel licences.
4. The difference is due to a reduction in the number of special assignments held by the Authority's Board and the anticipated increase in remuneration to Members not being realised.

Major variations between 2003-04 Budget and 2004-05 Estimate include:

5. Grants have increased as the approval and renewal of brothel licences and managers' certificates have decreased.
6. Other revenue has decreased due to the slow-down in the number of approved brothel licences and managers' certificates.
7. The decrease in supplies and services is mainly due to the industry monitoring program being finalised in 2003-04 and a reduction in associated costs relating to the slow-down in new applications for brothel licences.

Major variations between 2003-04 Estimated Actual and the 2004-05 Estimate include:

8. Grants have increased due to the downgrade of new applications for brothel licences and managers' certificates and the closure of some brothels.
9. The increase in other revenue is mainly due to estimated minimal growth in the approval of new brothel licences and managers' certificates.

Statement of Financial Position

Major variations between 2003-04 Budget and 2003-04 Estimated Actual include:

1. The increase in cash assets is due to a change in accounting policy for fees held by the Authority relating to licences and certificates.
2. The increase relates to fees received in advance and is due to a change in accounting policy for monies held by the Authority relating to licence and certificate fees.

Major variations between 2003-04 Budget and 2004-05 Estimate include:

3. The increase in cash assets is due to a change in accounting policy for fees held by the Authority relating to licences and certificates.
4. The increase relates to fees received in advance and is due to a change in accounting policy for monies held by the Authority relating to licence and certificate fees.

Statement of Cash Flows

Major variations between 2003-04 Budget and 2003-04 Estimated Actual include:

1. Grants have increased as the approval and renewal of brothel licences and managers' certificates have decreased.
2. Other revenue has decreased due to the slow-down in the number of approved brothel licences and managers' certificates.
3. The decrease in supplies and services is due to unresolved litigation issues and a reduction in associated costs relating to the reduced number of new applications for brothel licences.
4. The difference is due to a reduction in the number of assignments requiring special meetings held by the Authority's Board and the anticipated increase in remuneration to Members not being realised.
5. The increase is due to the delay in the sale of one replacement vehicle in 2002-03 which was subsequently sold in 2003-04.
6. The variation is due to the revised forecast of the Authority's intangible acquisition program.

Major variations between 2003-04 Budget and 2004-05 Estimate include:

7. Grants have increased as the approval and renewal of brothel licences and managers' certificates have decreased.
8. Other revenue has decreased due to the reduced number of approved brothel licences and managers' certificates.
9. The decrease in supplies and services is due to unresolved litigation issues and a reduction in associated costs relating to the reduced number of new applications for brothel licences.
10. The variation is due to the revised forecast of the Authority's intangible acquisition program.

Major variations between 2003-04 Estimated Actual and the 2004-05 Estimate include:

11. Grants have increased as the approval and renewal of brothel licences and managers' certificates have decreased.
12. The increase in other revenue is mainly due to the estimated small growth in the approval of new brothel licences and managers' certificates.
13. The variation is due to the revised forecast of the Authority's intangible acquisition program.