



Queensland
Government

MINISTERIAL PORTFOLIO STATEMENT
2006-07 STATE BUDGET

MINISTER FOR POLICE AND CORRECTIVE
SERVICES

PROSTITUTION LICENSING AUTHORITY

Hon. Judy Spence MP
Minister for Police and
Corrective Services

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Chairman

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 Government is currently considering consequential amendments to the Act stemming from the Crime and Misconduct Commission's (CMC) review of the Act. Additionally the CMC is investigating whether escort or outcall prostitution services should be allowed by agencies or licensed brothels in Queensland. The Government is awaiting recommendations from the CMC's inquiry. A critical challenge for the PLA during the 2006-07 financial year will be the implementation of the legislative amendments and non-legislative changes resulting from this review.

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	2005-06 Est. Act.	2006-07 Estimate
OUTPUTS			
Brothel licensing and monitoring prostitution through licensed brothels		8.5	8.5
Total Outputs		8.5	8.5
Total		8.5	8.5
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 and the PLA has identified brothel licensing and monitoring as its sole output.

The PLA ensures that prostitution is regulated in Queensland through careful consideration of applicants and the granting of brothel licences and manager certificates, undertaking audits and inspections of licensed brothels to ensure compliance with legislation, development and distribution of information resources and the approval and monitoring of advertising. The PLA:

- carefully 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
- through the compliance program, operates to prevent the involvement of organised crime in the operation of licensed brothels
- receives and resolves complaints about prostitution
- monitors approved advertising.

As at 30 April 2006, 101 brothel licences and 288 managers' certificates have been issued in Queensland with respect to 21 brothels, with a number of applications nearing completion.

REVIEW OF NON-DEPARTMENTAL OUTPUT PERFORMANCE

Recent Achievements

During 2005 the PLA:

- implemented relevant non-legislative recommendations arising from the Crime and Misconduct Commission Evaluation of the *Prostitution Act 1999*
- reviewed its business plan in light of the Crime and Misconduct Commission review
- developed and distributed the resource *Guidelines for the Operation of Licensed Brothels in Queensland*
- trialled the PLA electronic licensing database
- continued to clarify the situation of sex workers in regards to industrial relations law and practice through liaison with the Department of Industrial Relations
- finalised its Compliance Manual
- implemented its revised Communication Strategy
- implemented the relevant International Financial Reporting Standards.

Future Developments

During 2006-2007 the PLA will:

- implement the Government's consequential amendments to the *Prostitution Act 1999* stemming from the CMC evaluation of the Act
- review and assess recommendations, if any, arising from the CMC inquiry into the possible legalisation of escort services in Queensland that are endorsed by Government
- develop a sex worker information pamphlet to enhance contact with relevant Government and non-government agencies
- initiate the PLA industry monitoring program
- progress relevant prostitution-related issues through the inter-departmental working group.

NON-DEPARTMENTAL OUTPUT STATEMENT

Non-Departmental Output: Brothel Licensing and Monitoring Prostitution Through Licensed Brothels				
Measures	Notes	2005-06 Target/Est.	2005-06 Est. Actual	2006-07 Target/Est.
Quantity				
Number of licensed brothel premises operating		18	21	21
Number of brothel and certificate applications investigated	1	105	137	137
Number of brothel and certificate applications decided	1	105	96	96
Percentage of complaints resolved		>91%	98%	>91%
Number of compliance activities conducted		200	198	198
Number of licensed brothels implementing best practice standards		18	21	21
Number of brothels requiring 6 weekly health certificates		18	21	21
Quality				
Satisfaction of key local authorities with PLA liaison		80%	100%	100%
Number of complaints by police about the quality of information provided by the PLA for probity investigations		..	..	..
Satisfaction of applicants with PLA client service		80%	82%	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%	93%	95%
Advertising requests processed within 30 days		95%	95%	95%
Complaints to the PLA about prostitution resolved within 30 days		90%	95%	90%
Cost (\$)		1,151	1,040	1,179
State Contribution (\$'000)		376	376	379
Other Revenue (\$'000)		369	437	800
Total Cost (\$'000)		1,151	1,040	1,179
Note: 1. Numbers include both new and renewed applications.				

FINANCIAL STATEMENTS

INCOME STATEMENT

	Notes	2005-06 Budget \$'000	2005-06 Est. Act. \$'000	2006-07 Estimate \$'000
Income				
User charges		..	..	..
Grants and other contributions		376	376	379
Other revenue	1,2,3	369	437	800
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		745	813	1179
Expenses				
Employee expenses	4,5,6	674	598	758
Supplies and services	7,8	214	214	189
Grants and subsidies		..	..	..
Depreciation and amortisation	9,10	48	28	27
Finance/borrowing costs		..	..	..
Other expenses		215	200	205
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		1,151	1,040	1,179
OPERATING SURPLUS / (DEFICIT)		(406)	(227)	..

STATEMENT OF CHANGES IN EQUITY

	Notes	2005-06 Budget \$'000	2005-06 Est. Act. \$'000	2006-07 Estimate \$'000
Net effect of the adoption of a new accounting standard		..	(34)	..
Increase/ (decrease) in asset revaluation reserve	
Net amount of all revenue and expense adjustments direct to equity not disclosed above	
Net income recognised directly in equity			(34)	
Surplus/ (deficit) for the period		(406)	(227)	..
Total recognised income and expense for the period	
Equity injection/ (withdrawal)	
Equity adjustments (MoG transfers)	
Total movement in equity for period		(406)	(261)	..

BALANCE SHEET

	Notes	2005-06 Budget \$'000	2005-06 Est. Act. \$'000	2006-07 Estimate \$'000
CURRENT ASSETS				
Cash assets	1,2,3	455	582	667
Receivables		19	16	22
Other financial assets		..	..	..
Inventories		..	..	..
Other		..	2	2
Non-financial assets held for sale		..	..	..
Total current assets		474	600	691
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Inventories		..	..	..
Property, plant and equipment	4,5,6	213	138	113
Intangibles		15	..	..
Other		..	..	..
Total non-current assets		228	138	113
TOTAL ASSETS		702	738	804
CURRENT LIABILITIES				
Payables	7,8	34	47	47
Interest-bearing liabilities and derivatives		..	..	..
Accrued employee benefits	9,10	20	91	88
Provisions		..	..	..
Other	11,12,13	229	100	169
Total current liabilities		283	238	304
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Accrued employee benefits	14,15	38	24	24
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		38	24	24
TOTAL LIABILITIES		321	262	328
NET ASSETS (LIABILITIES)		381	476	476
EQUITY				
Capital/Contributed equity		..	..	..
Retained surplus/ (Accumulated deficit)		381	476	476
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		381	476	476

CASH FLOW STATEMENT

	Notes	2005-06 Budget \$'000	2005-06 Est. Act. \$'000	2006-07 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges		..	..	..
Grants and other contributions		376	376	379
Other	1,2	422	434	923
Outflows:				
Employee costs	3,4,5	(670)	(594)	(761)
Supplies and services		(267)	(267)	(249)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		(215)	(200)	(205)
Net cash provided by/ (used in) operating activities		(354)	(251)	87
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment	6,7	52	72	57
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment	8,9,10	(104)	(72)	(59)
Payments for intangibles		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/ (used in) investing activities		(52)	..	(2)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/ (used in) financing activities		..	..	..
Net Increase/ (decrease) in cash held		(406)	(251)	85
Cash at the beginning of financial year		861	833	582
Cash transfers from restructure		..	..	..
Cash at the end of financial year		455	582	667

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income Statement

Major variations between 2005-06 Budget and 2005-06 Estimated Actual include:

1. Other revenue has increased due to an increase in the approval and renewal of brothel licences and managers' certificates.
4. The decrease is due to staff vacancies and delays in appointing replacements.
9. The decrease is due to an increase in the asset capitalisation threshold, resulting in a decrease in property, plant and equipment.

Major variations between 2005-06 Budget and 2006-07 Estimate include:

2. The increase is mainly due to a proposed increase in licence fees, subject to a Regulatory Impact Statement.
5. The increase is due to a full complement of staff, including the reclassification of the Registrar's position to Executive Director.
7. The decrease in supplies and services is mainly due to proposed efficiency measures.
10. The decrease in depreciation is due to an increase in the asset capitalisation threshold.

Major variations between 2005-06 Estimated Actual and the 2006-07 Estimate include:

3. The increase is mainly due to a proposed increase in licence fees, subject to a Regulatory Impact Statement.
6. The increase is due to a full complement of staff, including the reclassification of the Registrar's position to Executive Director.
8. The decrease in supplies and services is mainly due to proposed efficiency measures.

Balance Sheet

Major variations between 2005-06 Budget and 2005-06 Estimated Actual include:

1. Increased cash is due to the improved operating result.
4. The decrease in property, plant and equipment is due to an increase in the asset capitalisation threshold.
7. The increase in payables is due to the timing of payments.
9. The increase in employee benefits is due to annual leave entitlements and timing of payments.
11. The decrease in other current liabilities is due to the reduction in the number of new applications for brothel licences.
14. The decrease in employee benefits is due to a reduction in annual leave liability.

Major variations between 2005-06 Budget and 2006-07 Estimate include:

2. The increase is mainly due to a proposed increase in licence fees, subject to a Regulatory Impact Statement.
5. The decrease in property, plant and equipment is due to an increase in the asset capitalisation threshold.
8. The increase in payables is due to the timing of payments.
10. The increase in employee benefits is due to annual leave entitlements and timing of payments.
12. The decrease in other current liabilities is due to the reduction in the number of new applications for brothel licences.
15. The decrease in employee benefits is due to a reduction in annual leave liability.

Major variations between 2005-06 Estimated Actual and the 2006-07 Estimate include:

3. The increase is mainly due to a proposed increase in licence fees, subject to a Regulatory Impact Statement.
6. The decrease in property, plant and equipment is due to reduced replacement of assets.
13. The increase is due to an increase in fees, subject to a Regulatory Impact Statement.

Cash Flow Statement

Major variations between 2005-06 Budget and 2005-06 Estimated Actual include:

3. The decrease in employee costs is due to staff vacancies and delays in appointing replacements.
6. The increase in sales of property, plant and equipment is due to timing of the disposal of property, plant and equipment.
8. The decrease in payments for property, plant and equipment is due to an increase in the asset capitalisation threshold.

Major variations between 2005-06 Budget and 2006-07 Estimate include:

1. The increase in other inflows is mainly due to a proposed increase in licence fees, subject to a Regulatory Impact Statement.
4. The increase is due to a full complement of staff, including the reclassification of the Registrar's position to Executive Director.
9. The decrease in payments for property, plant and equipment is due to an increase in the asset capitalisation threshold.

Major variations between 2005-06 Estimated Actual and the 2006-07 Estimate include:

2. The increase in other inflows is mainly due to a proposed increase in licence fees, subject to a Regulatory Impact Statement.
5. The increase is due to a full complement of staff, including the reclassification of the Registrar's position to Executive Director.
7. The decrease in sales of property, plant and equipment is due to timing of the disposal of property, plant and equipment in 2005-06.
10. The decrease in payments for property, plant and equipment is due to reduced replacement of assets.

