



**Queensland
Government**

**MINISTERIAL PORTFOLIO STATEMENTS
2003-04 STATE BUDGET**

**MINISTER FOR
POLICE AND CORRECTIVE SERVICES**

PROSTITUTION LICENSING AUTHORITY

**Hon. Tony McGrady MP
Minister for Police and
Corrective Services
and Minister Assisting the
Premier on the Carpentaria
Minerals Province**

**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 and has worked to establish all the necessary infrastructure and processes to enable the efficient performance of legislative functions.

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. As the number of licensed brothels increases, the principal strategic issues impacting on the business of the PLA relate to compliance issues. The PLA has developed a compliance program comprising targeted and random audits and inspections of licensed brothels to ensure the integrity of the licence through compliance with relevant legislation, licence conditions and health and safety guidelines. The PLA will also have the capacity to respond to complaints about licensed brothels at short notice.

The PLA contributes to the Government's aim to create safer and more supportive 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	2002-03 Est. Act.	2003-04 Estimate
OUTPUTS			
Brothel licensing and monitoring prostitution through licensed brothels		8.0	8.0
Advice on and to the sex industry	
Total Outputs		8.0	8.0
Total		8.0	8.0
Note: 1. Full-Time Equivalentents (FTEs) as at 30 June 2003.			

NON-DEPARTMENTAL OUTPUT PERFORMANCE

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

DESCRIPTION

The public has a right to expect that the granting of brothel licences and manager certificates will occur after careful consideration of applicants, and that legal brothels will operate in compliance with legislation and under close scrutiny. The PLA aims to ensure that:

- brothel licences and manager certificates are carefully regulated
- safe environments are established for sex workers in licensed brothels
- the sexual health of the community is enhanced by an insistence on safe sex practices in licensed brothels
- the risk of official corruption is minimised.

The PLA, through the compliance program, operates to prevent the involvement of organised crime in the operation of licensed brothels, and receives complaints about prostitution.

As at 28 April 2003, 15 brothel licences have been issued in Queensland with respect to 11 brothels, with a number of applications nearing completion.

REVIEW OF NON-DEPARTMENTAL OUTPUT PERFORMANCE

Recent Achievements

- Currently negotiating a memorandum of understanding with the Queensland Police Service for probity checking procedures.
- Developed a formal communication strategy for key stakeholder groups.
- Established a compliance program.
- Researched options for a formal disciplinary process for licensees and approved managers.
- Conducted a staff training program which included ethical decision-making and handling difficult situations.
- Established procedures for the renewal of brothel licences and managers' certificates.
- Introduced a formal policy for brothel advertising.
- Assisted the Crime and Misconduct Commission in the evaluation of the effectiveness of the Act.
- Conducted a training needs survey for participants in the licensed sex industry.
- Established a monitoring and data collection program to inform the PLA about trends and issues relating to prostitution.
- Developed and implemented a Probity Investigation Manual.
- Redeveloped the PLA website.
- Contributed to the development of a Smart Guide to Licensed Brothels.

Future Developments

- Develop a compliance manual for the conduct of audits and other compliance related activities.
- Review brothel licence conditions and the document *Health and Safety Guidelines for Brothels*.
- Introduce a database to record and monitor complaints about prostitution.
- Publish information about trends and issues relating to prostitution.
- Review of the licence and certificate fees.
- Review the licence and certificate renewal process.
- Implement a statewide education strategy on the role and function of the PLA for key stakeholder groups.

NON-DEPARTMENTAL OUTPUT STATEMENT

Non-Departmental Output: Brothel Licensing and Monitoring Prostitution Through Licensed Brothels				
Measures	Notes	2002-03 Target/Est.	2002-03 Est. Actual	2003-04 Target/Est.
Quantity				
Number of licensed brothel premises operating		19	11	22
Number of brothel and certificate applications received	1	60	66	See revised measure
Number of brothel and certificate applications investigated	1,2	Revised measure	Revised measure	90
Number of brothel and certificate applications approved	1	55	55	See revised measure
Number of brothel and certificate applications decided	1,3	Revised measure	Revised measure	65
Percentage of complaints resolved		85%	91%	>91%
Number of compliance audits/inspections of licensed brothels conducted	4	36	22	See revised measure
Number of compliance activities conducted	5	Revised measure	Revised measure	200
Number of licensed brothels implementing safety and security arrangements		19	11	See revised measure
Number of licensed brothels implementing best practice standards		Revised measure	Revised measure	22
Number of brothels requiring 6 weekly health certificates		19	11	22
Quality				
Satisfaction of the Local Government Association of Queensland (LGAQ) with liaison between the PLA and LGAQ/local authorities	6	80%	N/A	See revised measure
Satisfaction of key local authorities with PLA liaison	7	Revised measure	Revised measure	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	8	80%	N/A	80%
Number of complaints by licence and certificate holders about PLA liaison		..	..	See revised measure
Satisfaction of applicants with PLA client service	9	Revised measure	Revised measure	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	10	80%	N/A	100%

Non-Departmental Output: Brothel Licensing and Monitoring Prostitution Through Licensed Brothels (Cont'd)

Measures	Notes	2002-03 Target/Est.	2002-03 Est. Actual	2003-04 Target/Est.
Timeliness				
Applications processed within PLA and forwarded to QPS within 30 days		90%	100%	95%
Advertising requests processed within 30 days		90%	98%	95%
Complaints to the PLA about prostitution resolved within 30 days		85%	89%	90%
State Contribution (\$'000)		622	755	386
Other Revenue (\$'000)		267	371	658
Total Cost (\$'000)		889	1,126	1,044
<p>Notes:</p> <ol style="list-style-type: none"> Numbers include both new and renewed applications. This performance measure has replaced the 2002–03 performance measure 'Number of brothel and certificate applications received'. This performance measure has replaced the 2002–03 performance measure 'Number of brothel and certificate applications approved'. This performance measure has replaced the 2002–03 performance measure 'Number of compliance audits/inspections of licensed brothels conducted'. This performance measure has replaced the 2002–03 performance measure 'Number of licensed brothels implementing safety and security arrangements'. The Local Government Association of Queensland (LGAQ) did not respond to the satisfaction survey. This performance measure has replaced the 2002–03 performance measure 'Satisfaction of Local Government Association of Queensland (LGAQ) with liaison between the PLA and LGAQ/local authorities'. The Prostitution Advisory Council (PAC) was not constituted during the financial year 2002–03. This performance measure has replaced the 2002–03 performance measure 'Number of complaints by licence and certificate holders about PLA liaison'. There were no appeals made to the Independent Assessor during the financial year 2002–03. 				

NON-DEPARTMENTAL OUTPUT: Advice on and to the sex industry

DESCRIPTION

The Prostitution Advisory Council (PAC), which was established by the *Prostitution Act 1999* (the Act), advises the Ministerial Committee, which includes the Ministers administering the Act, the *Family Services Act 1987*, the *Health Act 1932* and the *Liquor Act 1992*, on issues related to the regulation of prostitution in Queensland. The PAC liaises with and advises government agencies, local governments and community groups. The Council comprises individuals who are representative of sex workers, sexual health practitioners, disadvantaged and marginalised young people, and community interests.

REVIEW OF NON-DEPARTMENTAL OUTPUT PERFORMANCE

Recent Achievements

The PAC was not constituted during the financial year 2002–03.

Future Developments

The State Government has announced its intention to reconstitute the PAC with a view to streamlining its structure and more clearly defining its role.

NON-DEPARTMENTAL OUTPUT STATEMENT

Non-Departmental Output: Advice on and to the Sex Industry				
Measures	Notes	2002-03 Target/Est.	2002-03 Est. Actual	2003-04 Target/Est.
Quantity				
Number of referrals of relevant matters to other agencies for investigation	1	2	N/A	2
Number of reports from government and community agencies	1	6	N/A	6
Number of programs for sex workers promoted by the PAC	1	5	N/A	5
Quality				
Satisfaction of the Ministerial Committee with information provided by the PAC	1	80%	N/A	80%
Satisfaction of government and community agencies with PAC liaison and assistance	1	60%	N/A	60%
Satisfaction of relevant stakeholders with the workplace health and safety best practice guide	1	60%	N/A	60%
Satisfaction of key stakeholders with information provided by the PAC	1	60%	N/A	60%
State Contribution (\$'000)		133	..	122
Other Revenue (\$'000)		..	..	..
Total Cost (\$'000)		133	..	122
Note: 1. The PAC was not constituted during the financial year 2002-03.				

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
Revenues from ordinary activities				
User charges		..	..	..
Grants and other contributions	3,7	755	755	508
Other	4,8	267	248	412
Total revenues from ordinary activities		1,022	1,003	920
Expenses from ordinary activities				
Employee expenses	5,9	482	490	611
Supplies and services	1,6,10	245	438	295
Depreciation and amortisation		72	43	41
Grants and other contributions		..	..	..
Other	2,11	223	155	219
Total expenses from ordinary activities excluding borrowing costs expense		1,022	1,126	1,166
Borrowing costs		..	..	..
Surplus or deficit from ordinary activities		..	(123)	(246)
Extraordinary items		..	..	..
NET SURPLUS OR DEFICIT		..	(123)	(246)
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		..	(123)	(246)

STATEMENT OF FINANCIAL POSITION

	Notes	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
CURRENT ASSETS				
Cash assets		388	334	104
Receivables		4	10	10
Inventories		..	..	..
Other		..	1	1
Total current assets		392	345	115
NON-CURRENT ASSETS				
Receivables		..	..	..
Inventories		..	..	..
Other financial assets		..	..	..
Intangibles	1,5	57	13	23
Property, plant and equipment	2,6	187	288	267
Other		..	..	..
Total non-current assets		244	301	290
TOTAL ASSETS		636	646	405
CURRENT LIABILITIES				
Payables	3,7	11	38	43
Interest-bearing liabilities		..	..	..
Provisions	4,8	33	51	51
Other		..	..	..
Total current liabilities		44	89	94
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		44	89	94
NET ASSETS (LIABILITIES)		592	557	311
EQUITY				
Contributed equity		..	..	..
Retained surpluses (accumulated deficits)		592	557	311
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		592	557	311

STATEMENT OF CASH FLOWS

	Notes	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Output receipts		..	..	..
User charges		..	..	..
Grants and other contributions	7,14	755	755	508
Other	1,8,15	269	299	467
Outflows:				
Employee costs	9,16	(476)	(489)	(606)
Supplies and services	2,10,17	(245)	(475)	(350)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	3,18	(223)	(155)	(219)
Net cash provided by (used in) operating activities		80	(65)	(200)
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment	4,11	13	58	49
Outflows:				
Payments for property, plant and equipment	5,12,19	(11)	(100)	(62)
Payments for intangibles	6,13,20	(40)	(2)	(17)
Payments for investments		..	..	..
Net cash provided by (used in) investing activities		(38)	(44)	(30)
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		42	(109)	(230)
Cash at the beginning of financial year		346	443	334
Cash at the end of financial year		388	334	104

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Statement of Financial Performance

Major variations between 2002-03 Budget and 2002-03 Estimated Actual include:

1. The increase in supplies and services is due to the industry monitoring project being completed during 2003.
2. The decrease in other expenses relates to negotiations concerning rental payments.

Major variations between 2002-03 Budget and 2003-04 Estimate include:

3. Grants and other contributions have decreased as the approval and renewal of brothel licences and managers' certificates have increased.
4. Other revenue has increased due to the number of brothel licences and managers' certificates granted and renewed.
5. The increase in employee expenses is the result of increases in staffing.
6. Supplies and services expenses have increased due to the full complement of staff being attained.

Major variations between 2002-03 Estimated Actual and the 2003-04 Estimate include:

7. Grants and other contributions have decreased as the approval and renewal of brothel licences and managers' certificates have increased.
8. Other revenue has increased due to the number of brothel licences and managers' certificates granted and renewed.
9. The increase in employee expenses is a result of increases in staffing.
10. The decrease in supplies and services is due to the finalisation of the industry monitoring project during 2003.
11. The increase in other expenses relates to rental payments for the expansion of current premises.

Statement of Financial Position

Major variations between 2002-03 Budget and 2002-03 Estimated Actual include:

1. Intangibles decrease is due to the development of the database not being capitalised.
2. Property, plant and equipment increase relates to the expansion of current premises.
3. The increase relates to trade creditors.
4. Increase in provisions relates to annual leave provisions.

Major variations between 2002-03 Budget and 2003-04 Estimate include:

5. The variation in intangibles is mainly due to the database not being capitalised.
6. The increase in property, plant and equipment relates to the expansion of premises.
7. The increase relates to trade creditors.
8. Increase in provisions relates to annual leave provisions.

Statement of Cash Flows

Major variations between 2002-03 Budget and 2002-03 Estimated Actual include:

1. The difference relates to an increase in interest and input tax credits and a decrease in the number of brothel licences and managers' certificates granted.
2. The increase in supplies and services is due to the industry monitoring project being completed during 2003.
3. The decrease in other expenses relates to negotiations concerning rental payments.
4. The increase is due to the revised forecast on proceeds from sale of assets.
5. The increase in capital expenditure is due to the revised forecast of the Authority's capital acquisition program.
6. The difference relates to the development of the database not being capitalised.

Major variations between 2002-03 Budget and 2003-04 Estimate include:

7. The difference is due to the decrease in grant funding in 2003-04.
8. There has been an increase in interest, input tax credits and the number of brothel licences and managers' certificates granted and renewed.
9. The increase in employee expenses is a result of increases in staffing.
10. Supplies and services expenses have increased due to the full complement of staff being attained.
11. The increase is due to the revised forecast on proceeds from sale of assets.
12. The difference in capital expenditure is due to the revised forecast of the Authority's capital acquisition program.
13. The variation in payments for intangibles is due to the revised forecast for intangible assets.

Major variations between 2002-03 Estimated Actual and the 2003-04 Estimate include:

14. The difference is due to the decrease in grant funding in 2003-04.
15. There has been an increase in the number of brothel licences and managers' certificates granted and renewed.
16. Employee costs increase is due to the full complement of staff being attained.
17. Supplies and services have decreased due to the industry monitoring project being completed during 2003.
18. The increase in other expenses relates to rental payments for the expansion of current premises.
19. The decrease relates to changes in the Authority's capital acquisition program in 2003-04.
20. The difference in payments for intangibles is due to the revised forecast for intangible assets.

