



Queensland
Government

MINISTERIAL PORTFOLIO STATEMENT

2005-06 STATE BUDGET

**MINISTER FOR POLICE AND CORRECTIVE
SERVICES**

PROSTITUTION LICENSING AUTHORITY

**Hon. Judy Spence MP
Minister for Police and
Corrective Services**

**Manus Boyce 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's review of the Act was completed in December 2004. The Government is considering its recommendations. A critical challenge for the PLA during the 2005–06 financial year will be the implementation of legislative amendments and non-legislative changes adopted by the Government.

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	2004-05 Est. Act.	2005-06 Estimate
OUTPUTS			
Brothel licensing and monitoring prostitution through licensed brothels		8.0	8.5
Total Outputs		8.0	8.5
Total		8.0	8.5
Note: 1. Full-Time Equivalentents (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
- monitor approved advertising.

As at 30 April 2005, 69 brothel licensees and 193 managers' certificates have been issued in Queensland with respect to 17 brothels, with a number of applications nearing completion.

REVIEW OF NON-DEPARTMENTAL OUTPUT PERFORMANCE

Recent Achievements

During 2004-2005 PLA:

- implemented the PLA's two new legislative functions
- implemented recommendations arising from the Crime and Misconduct Commission review of the probity and compliance functions
- reviewed the PLA business plan in light of the new responsibilities of the PLA
- developed a handbook for brothel managers about their roles and responsibilities
- reviewed the PLA Code of Conduct
- re-engineered the PLA licensing database
- developed a protocol for handling complaints of a particularly sensitive nature which balances the rights of individuals with community needs
- liaised with the Department of Industrial Relations to clarify the situation of sex workers in relation to industrial relations law and practice

- reviewed and improved the PLA communication strategy to include improvements to the PLA's annual stand at Sexpo.

Future Developments

During 2005-2006 PLA will:

- implement the recommendations arising from the Crime and Misconduct Commission Evaluation of the *Prostitution Act 1999* that have been endorsed by the Government
- implement the recommendations arising from the Crime and Misconduct Commission Inquiry into the Legalisation of Escort Prostitution Services in Queensland that have been endorsed by the Government
- review the PLA business plan in light of any new responsibilities of the PLA stemming from the Crime and Misconduct Commission Evaluation and Inquiry
- develop a sex worker information pamphlet to enhance contact with relevant Government and non-Government agencies
- finalise the review of the *Guidelines for the Operation of Licensed Brothels in Queensland*
- implement and evaluate the PLA electronic licensing database
- continue to clarify the situation of sex workers in regards to industrial relations law and practice through liaison with the Department of Industrial Relations
- finalise the PLA Compliance Manual
- implement the revised PLA Communication Strategy
- implement the relevant International Financial Reporting Standards.

NON-DEPARTMENTAL OUTPUT STATEMENT

Non-Departmental Output: Brothel Licensing and Monitoring Prostitution Through Licensed Brothels				
Measures	Notes	2004-05 Target/Est.	2004-05 Est. Actual	2005-06 Target/Est.
Quantity				
Number of licensed brothel premises operating		14	16	18
Number of brothel and certificate applications investigated	1	100	100	105
Number of brothel and certificate applications decided	1	65	100	105
Percentage of complaints resolved		>91%	95%	>91%
Number of compliance activities conducted		200	195	200
Number of licensed brothels implementing best practice standards		14	16	18
Number of brothels requiring 6 weekly health certificates		14	16	18
Quality				
Satisfaction of key local authorities with PLA liaison		80%	98%	80%
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%	85%	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%	95%	95%
Advertising requests processed within 30 days		95%	100%	95%
Complaints to the PLA about prostitution resolved within 30 days		90%	92%	90%
Cost (\$)		1,113	977	1,151
State Contribution (\$'000)		806	806	376
Other Revenue (\$'000)		307	388	369
Total Cost (\$'000)		1,113	977	1,151
Note: 1. Numbers include both new and renewed applications.				

FINANCIAL STATEMENTS

INCOME STATEMENT

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
Income				
User charges		..	..	..
Grants and other contributions	4,6	806	806	376
Other revenue	1,5	307	388	369
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		1,113	1,194	745
Expenses				
Employee expenses	2,7	628	548	674
Supplies and services	3,8	232	173	214
Grants and subsidies		..	..	..
Depreciation and amortisation		43	43	48
Finance/borrowing costs		..	..	..
Other expenses		210	213	215
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		1,113	977	1,151
OPERATING SURPLUS / (DEFICIT)		..	217	(406)

STATEMENT OF CHANGES IN EQUITY

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
Net effect of the adoption of a new accounting standard	
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	
Surplus/ (deficit) for the period		..	217	(406)
Total recognised income and expense for the period	
Equity injection/ (withdrawal)	
Equity adjustments (MoG transfers)	
Total movement in equity for period		..	217	(406)

BALANCE SHEET

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
CURRENT ASSETS				
Cash assets	1,6,11	595	861	455
Receivables	2,7	7	14	19
Other financial assets		..	..	..
Inventories		..	..	..
Other		..	..	..
Non-financial assets held for sale		..	..	..
Total current assets		602	875	474
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Inventories		..	..	..
Property, plant and equipment		206	210	213
Intangibles		15	14	15
Other		..	..	..
Total non-current assets		221	224	228
TOTAL ASSETS		823	1,099	702
CURRENT LIABILITIES				
Payables	3,8,12	20	29	34
Interest-bearing liabilities and derivatives		..	..	..
Accrued employee benefits		..	..	..
Provisions	4,9	56	16	20
Other		225	229	229
Total current liabilities		301	274	283
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Accrued employee benefits		..	..	..
Provisions	5,10	..	38	38
Other		..	..	..
Total non-current liabilities		..	38	38
TOTAL LIABILITIES		301	312	321
NET ASSETS (LIABILITIES)		522	787	381
EQUITY				
Capital/Contributed equity		..	..	..
Retained surplus/ (Accumulated deficit)		522	787	381
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		522	787	381

CASH FLOW STATEMENT

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges		..	..	..
Grants and other contributions	4,8	806	806	376
Other	1,5	372	453	422
Outflows:				
Employee costs	2,9	(633)	(553)	(670)
Supplies and services	3,10	(287)	(228)	(267)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		(209)	(212)	(215)
Net cash provided by/ (used in) operating activities		49	266	(354)
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		51	51	52
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment	6,11	(65)	(65)	(99)
Payments for intangibles	7,12	(10)	(10)	(5)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/ (used in) investing activities		(24)	(24)	(52)
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		25	242	(406)
Cash at the beginning of financial year		570	619	861
Cash transfers from restructure		..	..	..
Cash at the end of financial year		595	861	455

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income Statement

Major variations between 2004-05 Budget and 2004-05 Estimated Actual include:

1. Other revenue has increased due to an increase in the approval and renewal of brothel licences and managers' certificates.
2. The difference is due to staff vacancies and delays in appointing replacements.
3. The decrease in supplies and services is mainly due to a reduction in associated costs relating to staff vacancies and a saving in litigation costs.

Major variations between 2004-05 Budget and 2005-06 Estimate include:

4. Forecasted grants have decreased due to the expected increase in the approval and renewal of brothel licences and managers' certificates.
5. Other revenue has increased due to an increase in the approval and renewal of brothel licences and managers' certificates.

Major variations between 2004-05 Estimated Actual and the 2005-06 Estimate include:

6. Forecasted grants have decreased due to the expected increase in the approval and renewal of brothel licences and managers' certificates.
7. The increase in employee costs is due to the full complement of staff being appointed.
8. The increase in supplies and services is mainly due to an increase in associated costs relating to the full complement of staff being appointed.

Balance Sheet

Major variations between 2004-05 Budget and 2004-05 Estimated Actual include:

1. Increased cash is due to the delay in reaching the full complement of staff, resulting in decreased associated expenses. There have been more brothel licences and managers' certificates granted than estimated.
2. Variation due to increase in interest revenue.
3. The increase in payables is due to the timing of payments.
4. The decrease in provisions is due to the movement of employee costs from current to non-current.
5. The increase in provisions is due to the movement of employee costs from current to non-current.

Major variations between 2004-05 Budget and 2005-06 Estimate include:

6. The difference is mainly due to the decrease in grants.
7. Variation due to increase in interest revenue.
8. The increase in payables is due to the timing of payments.
9. The decrease in provisions is due to the movement of employee costs from current to non-current.
10. The increase in provisions is due to the movement of employee costs from current to non-current.

Major variations between 2004-05 Estimated Actual and the 2005-06 Estimate include:

11. The difference is mainly due to the decrease in grants.
12. The increase in payables is due to the timing of payments.

Cash Flow Statement

Major variations between 2004-05 Budget and 2004-05 Estimated Actual include:

1. Other revenue has increased due to an increase in the approval and renewal of brothel licences and managers' certificates.
2. The difference is due to staff vacancies and delays in appointing replacements.
3. The decrease in supplies and services is mainly due to a reduction in associated costs relating to staff vacancies and a saving in litigation costs.

Major variations between 2004-05 Budget and 2005-06 Estimate include:

4. Forecasted grants have decreased due to the expected increase in the approval and renewal of brothel licences and managers' certificates.
5. Other revenue has increased due to an increase in the approval and renewal of brothel licences and managers' certificates.
6. The increase in payments is due to an asset replacement program to be undertaken in 2005-06.
7. The change in payments for intangibles is due to a decrease in the purchase of software.

Major variations between 2004-05 Estimated Actual and the 2005-06 Estimate include:

8. Forecasted grants have decreased due to the expected increase in the approval and renewal of brothel licences and managers' certificates.
9. The difference is due to staff vacancies and delays in appointing replacements.
10. The increase in supplies and services is mainly due to an increase in associated costs relating to the full complement of staff being appointed.
11. The increase in payments is due to an asset replacement program to be undertaken in 2005-06.
12. The change in payments for intangibles is due to a decrease in the purchase of software.

