



Queensland
Government

MINISTERIAL PORTFOLIO STATEMENT

2007-08 STATE BUDGET

**MINISTER FOR POLICE AND CORRECTIVE
SERVICES**

PROSTITUTION LICENSING AUTHORITY

Hon. Judy Spence MP
Minister for Police and
Corrective Services

Manus Boyce
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 Government is soon to proclaim the *Prostitution Amendment Act 2006*. Additionally the Crime and Misconduct Commission (CMC) has investigated whether escort or outcall prostitution services should be allowed by agencies or licensed brothels in Queensland. The Government is considering the recommendations from the CMC's inquiry. A critical challenge for the PLA during the 2007–08 financial year will be the implementation of relevant legislative amendments and any changes resulting from the CMC inquiry.

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	2007-08 Est. Act.	2008-09 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:

- regulates brothel licences and manager certificates
- ensures safe environments are established for sex workers in licensed brothels
- assists in preserving the sexual health of the community by an insistence on safe sex practices in licensed brothels
- through the probity and 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 2007, 131 brothel licences and 391 managers' certificates have been issued in Queensland with respect to 23 brothels, with a number of applications nearing completion.

REVIEW OF NON-DEPARTMENTAL OUTPUT PERFORMANCE

Recent Achievements

During 2006-2007 the PLA:

- implemented relevant administrative amendments stemming from the CMC evaluation of the Act
- responded to the recommendations of the CMC into the possible legalisation of escort or outcall prostitution services
- developed a draft sex worker information pamphlet to enhance contact with relevant Government and non-Government agencies
- commenced tender process for the PLA industry monitoring program
- progressed relevant prostitution-related issues through the Inter-Departmental Working Group.

Future Developments

During 2007-2008 the PLA will:

- implement approved recommendations, if any, arising from the CMC inquiry into the possible legalisation of escort prostitution services in Queensland that have been endorsed by the Government
- implement relevant business process changes due to the proclamation of the *Prostitution Amendment Bill 2006*
- continue to 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	2006-07 Target/Est.	2006-07 Est. Actual	2007-08 Target/Est.
Quantity				
Number of licensed brothel premises operating		21	24	26
Number of brothel and certificate applications investigated	1	137	161	195
Number of brothel and certificate applications decided	1	96	154	206
Percentage of complaints resolved		>91%	98%	>91%
Number of compliance activities conducted		198	195	205
Number of licensed brothels implementing best practice standards		21	24	26
Number of brothels requiring 6 weekly health certificates		21	24	26
Quality				
Satisfaction of key local authorities with PLA liaison		100%	100%	100%
Number of complaints by police about the quality of information provided by the PLA for probity investigations	2	..	..	Discontinued
Satisfaction of applicants with PLA client service		80%	82%	85%
Satisfaction of Self-Health for Queensland Workers in the Sex Industry with liaison between the PLA and the sex industry	3	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%	90%	95%
Advertising requests processed within 30 days		95%	95%	95%
Complaints to the PLA about prostitution resolved within 30 days		90%	95%	95%
Cost (\$)		1,179	1,064	1,362
State Contribution (\$'000)		379	574	575
Other Revenue (\$'000)		800	490	787
Total Cost (\$'000)		1,179	1,064	1,362
Notes:				
1. Numbers include both new and renewed applications.				
2. This measure will be discontinued for reporting purposes in the Ministerial Portfolio Statement from 1 July 2007.				
3. SQWISI suspended operations to undergo an organisational restructure thereby preventing a satisfaction measure for 2006-07 and 2007-08.				

FINANCIAL STATEMENTS

INCOME STATEMENT

	Notes	2006-07 Budget \$'000	2006-07 Est. Act. \$'000	2007-08 Estimate \$'000
Income				
User charges		..	..	..
Grants and other contributions	1,2	379	574	575
Other revenue	3,4	800	490	787
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		1,179	1,064	1,362
Expenses				
Employee expenses	5,6	758	651	756
Supplies and services	7,8	189	179	371
Grants and subsidies		..	..	..
Depreciation and amortisation		27	27	23
Finance/borrowing costs		..	..	..
Other expenses		205	207	212
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		1,179	1,064	1,362
OPERATING SURPLUS / (DEFICIT)		..	..	..

STATEMENT OF CHANGES IN EQUITY

	Notes	2006-07 Budget \$'000	2006-07 Est. Act. \$'000	2007-08 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments	
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	
Total recognised income and expense for the period	
Equity injection/ (withdrawal)	
Equity adjustments (MoG transfers)	
Total movement in equity for period	

BALANCE SHEET

	Notes	2006-07 Budget \$'000	2006-07 Est. Act. \$'000	2007-08 Estimate \$'000
CURRENT ASSETS				
Cash assets	1,2	667	708	564
Receivables	3,4	22	10	10
Other financial assets		..	..	..
Inventories		..	..	..
Other		2	..	..
Non-financial assets held for sale		..	..	..
Total current assets		691	718	574
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	5,6	113	142	121
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		113	142	121
TOTAL ASSETS		804	860	695
CURRENT LIABILITIES				
Payables	7,8,9	47	25	33
Employee Benefit Obligations	10,11	88	55	52
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other	12,13,14	169	315	145
Total current liabilities		304	395	230
NON-CURRENT LIABILITIES				
Payables		..	..	..
Employee Benefit Obligations		24	28	28
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		24	28	28
TOTAL LIABILITIES		328	423	258
NET ASSETS (LIABILITIES)		476	437	437
EQUITY				
Capital/Contributed equity		..	..	..
Retained surplus/ (Accumulated deficit)		476	437	437
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		476	437	437

CASH FLOW STATEMENT

	Notes	2006-07 Budget \$'000	2006-07 Est. Act. \$'000	2007-08 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges		..	..	..
Grants and other contributions	1,2	379	744	405
Other	3,4	923	552	847
Outflows:				
Employee costs	5,6	(761)	(654)	(759)
Supplies and services	7,8	(249)	(239)	(423)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		(205)	(207)	(212)
Net cash provided by/ (used in) operating activities		87	196	(142)
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment	9,10	57	52	72
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles	11,12	(59)	(72)	(74)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/ (used in) investing activities		(2)	(20)	(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		85	176	(144)
Cash at the beginning of financial year		582	532	708
Cash transfers from restructure		..	..	..
Cash at the end of financial year		667	708	564

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income Statement

Major variations between 2006-07 Budget and 2006-07 Estimated Actual include:

1. Grants have increased due to the proposed increase in licence fees not being realised, due to delay in the proclamation of the *Prostitution Amendment Bill 2006* (the Bill).
3. The decrease in other revenue is due to a proposed fee increase in licence fees not being realised, due to delay in the proclamation of the Bill.
5. The decrease in employee expenses is due to staff vacancies and the delay in the proclamation of the Bill.

Major variations between 2006-07 Budget and 2007-08 Estimate include:

2. The increase in grants is due to a research project commencing in 2007-08 rather than 2006-07.
7. The increase in supplies and services is due to a research project commencing during 2007-08.

Major variations between 2006-07 Estimated Actual and the 2007-08 Estimate include:

4. The increase is due to a proposed increase in licence fees, following the proclamation of the Bill.
6. The increase is due to a staffing restructure including the reclassification of the Registrar's position to Executive Director, following the proclamation of the Bill.
8. The increase in supplies and services is due to a research project commencing during 2007-08 rather than 2006-07.

Balance Sheet

Major variations between 2006-07 Budget and 2006-07 Estimated Actual include:

3. The variation is due to the timing of receipt of funds for receivables.
5. The increase is due to the upgrade of assets being replaced.
7. The decrease in payables is due to the timing of payments.
10. The decrease in employee benefits is due to annual leave entitlements.
12. The increase is due to a change in the commencement date of a research project from 2006-07 to 2007-08.

Major variations between 2006-07 Budget and 2007-08 Estimate include:

1. The decrease in cash assets is due to a research program commencing in 2007-08 rather than 2006-07.
4. The variation is due to the timing of receipt of funds for receivables.
8. The decrease in payables is due to the timing of payments.
11. The decrease in employee benefits is due to annual leave entitlements.
13. The variation is due to a decrease in the number of applications for a new brothel licence.

Major variations between 2006-07 Estimated Actual and the 2007-08 Estimate include:

2. The decrease in cash assets is due to a research program commencing in 2007-08 rather than 2006-07.
6. The decrease is due to the depreciation of assets.
9. The increase in payables is due to the timing of payments.
14. The decrease is due to a research project commencing during 2007-08 rather than 2006-07.

Cash Flow Statement

Major variations between 2006-07 Budget and 2006-07 Estimated Actual include:

1. The increase is due to the proposed increase in licence fees not being realised, due to delay in the proclamation of the Bill.
3. The decrease is due to the proposed increase in licence fees not being realised, due to delay in the proclamation of the Bill.
5. The decrease in employee expenses is due to staff vacancies and delay in the proclamation of the Bill.
11. The variation is a result of the asset replacement program.

Major variations between 2006-07 Budget and 2007-08 Estimate include:

7. The increase in supplies and services is due to a research project commencing during 2007-08 rather than 2006-07.
9. The variation is a result of the asset replacement program.
12. The variation is a result of the asset replacement program.

Major variations between 2006-07 Estimated Actual and the 2007-08 Estimate include:

2. The decrease is due to the proposed increase in licence fees, following the proclamation of the Bill.
4. The increase is due to the proposed increase in licence fees, following the proclamation of the Bill.
6. The increase is due to the staffing restructure, including the reclassification of the Registrar's position to Executive Director, following the proclamation of the Bill.
8. The increase in supplies and services is due to a research project commencing during 2007-08 rather than 2006-07.
10. The variation is a result of the asset replacement program.