

AUSTRALIAN ADULT ENTERTAINMENT INDUSTRY Inc.

A PROFESSIONAL INDUSTRY ASSOCIATION WHO'S MEMBERS ARE THE OWNERS OF LAWFUL BROTHELS AND ESCORT AGENCIES

Australian Adult Entertainment Industry Inc. takes up the invitation of the Law Reform Commission to submit to their inquiry into "**Organised Crime in the lawful Sex Industry**"

Strained AAEL resources have meant that we have not been able to devote the time and effort to this project that we have done with others. While that is lamentable we have nevertheless cobbled together some pertinent observations and we now set them out under three headings.

Organised Crime in the Lawful Component of the Sex Industry.

The subject heading should read more appropriately the **absence of organised crime in the lawful component of the Sex Industry.**

The investment by license holders in their businesses; the substantive cost in obtaining a license, the substantive cost with regard to local government planning regulation, the substantive infrastructure in brothel specific building costs all add to a high level of compliance by licensees of their obligations to prostitution legislation and regulation, put simply there is too much money investment "to mess up by being involved with crooks."

The public record shows that no license holder has gone to prison as a result of an offence against prostitution law or regulation. Some have been dealt with by the courts for infringement of planning law, by infringement of regulation to do with advertising their businesses. Modest fines have handed down to deal with these minor transgressions.

The public record shows that four license holders have been dealt with by the courts for infringement of Migration law mainly the engagement of unlawful non-citizens as sex workers. Where there was guilt monetary fines have been handed down and in two occasion licenses have been cancelled. One license holder has (is) been dealt with by the courts for engaging a minor as a sex worker.

Anecdotally we have heard of the existence of outlaw motor cycle gangs in lawful prostitution in Victoria. We have not seen a scintilla of evidence to support this assertion.

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Five years previous Melbourne was awash with stories of the Russian mafia having obtained control of an inner suburban brothel. There was a Russian speaking manager engaged at this particular brothel for a short while. There was no tangible evidence to support the claim. The brothel has since discontinued trading.

None of the aforementioned has an identifiable hint of organised crime connection. But is this about to change.

In September 2015 the County Court will hear charges of sexual servitude levelled against a Korean national 'Mimi'. Mimi is we understand it, alleged to have engaged in excess of one hundred as 'sex service slaves.' We understand the court will hear that Mimi 'procured' the use of several genuine license holders' licenses. The procurement was by way of Mimi paying it is alleged \$40,000 per month to these license holders in return for her having free unfettered use of their businesses. The name of the business remained unchanged as did the invoicing of all goods and services, telephones, purchase of condoms and lubricants and advertising. The businesses traded as though the license holder was in effective control, (a legislative requirement) which he was not. It is understood that several license holders await the determination of the County Court. If there are adverse findings against Mimi it is understood that the Consumer Affairs Victoria will proceed against the license holders. We simply ask, does the circumstance outlined above constitute organised crime in the lawful component of the sex industry. We would say yes, but others may disagree and if the latter is to be the accepted norm, then organised crime does not exist in the lawful component of the industry. We hasten to say that this is the case as we put it, in Victoria. We are aware that organised crime can be described as rife in other parts of the Commonwealth.

Organised crime in the unlawful component of the sex industry in Victoria

It is deeply regretted that the terms of reference given to the Commission by the Victorian Attorney have not included the need to delve into the vexed question of organised crime in the unlawful component of the industry. We will not labour this point other than to highlight the magnitude of illegal brothel presence by asserting that for the 87 lawful brothels that exist in Victoria there are the police do not deny more than 400 illegal brothels.

Of the more than 400 illegal brothels in Victoria our own analysis shows that there is substantive multi ownership. The public record shows that the County Court in 2013 dealt with four operators of illegal brothels. Two of these people had more than 12 illegal brothels, each.

The same County Court in 2013 imprisoned a local government officer for his aiding and abetting the existence of illegal brothels in return for money paid to him.

We ask that the Commission report to the Attorney on the need for work to be done on this issue of organised in the unlawful component of the sex industry.

Ridding the sex industry of organised crime – One solution

As we understand it, organised crime seeks to take control of the most valuable asset in a targeted industry.

In the sex industry many will argue the most valuable commodity is the sexual service provider, the woman, the man or the transgender person providing sexual services for monetary reward. Let us take a snapshot of who these workers are.

In Victoria the days of the 'Ozzie' girl being the sole sex worker any visitor to a brothel would find are long gone. Almost all of the 87 lawful brothels in Victoria have women from other parts of the world working as sex service providers. These sex workers are in Australia for short term stays as students, or as working holiday makers. The students are able to work 20 hours per week in any chosen profession, many select the sex industry. Working holiday makers can work unlimited hours but for a capped period during their 12 month stay much of which is expected to be devoted to 'holiday'.

Melbourne now has approaching half of its lawful brothels boasting an all Asian disposition. Thirty five of them are exclusively Asian.

Remembering that the sex worker is the (pardon this language) 'tradeable commodity' it follows that with the decline in Australian women working in brothels, replaced by and large by Asian women and given the vulnerability of these women and given the unscrupulous nature of men on the fringe of the industry hence is hatched organised crime.

The Australian Government Migration program provides us with the answer to controlling, bringing to halt organised crime activity in prostitution.

Reproduced now is an earlier (ten years ago) Legal Australia Sex Industry (LASI AAEI) submission to the Minister for Immigration on this matter. We urge the Commission to support this initiative.

Hon. Amanda Vanstone
Minister for Immigration
Parliament House
Canberra ACT 2600

28 June 2005

My dear Minister

Sex Worker – special category in Migration Program to combat sexual servitude

"Always, always looking at alternatives", you told the Senate during Question time 24 June 2005. That heartened us!

Legal Australian Sex Industry Inc. (LASI) is the peak national industry association representing the owners of lawful brothels and escort agencies. Our main affiliates are

the Victorian chapter, Australian Adult Entertainment Industry Inc. (AAEI) and in Queensland, Queensland Adult Business Association Inc. (QABA).

LASI invite you look at an alternative. Along with your Ministerial colleagues, the Attorney and the Minister for Justice we know of your Governments commitment to ending sexual servitude, the trafficking of women in the sex industry. LASI too shares your total opposition to servitude. We can tell you that we work with some Federal Government agencies providing assistance, designed to curb servitude. We too genuinely wish to prevent servitude.

In essence the lawful component of the sex industry is dwarfed by the illegal component. Whilst, we recognize that the bulk of servitude in Australia occurs outside the sex industry, we note that the area of illegal sexual services is a haven for both people working illegally in this country and for those operating under servitude. For those operating illegally in this country, there is also the ever-present danger of stand over tactics and violence because they are denied the protection afforded to those working legally. Regrettably too many sexual service providers elect to work in the illegal component of the sex industry. They do so for reasons of tax avoidance, the attraction of the income associated with the practice of unsafe sex and for reasons of anonymity. There are even more reasons.

We seek to initiate discussion with you or your officers or an interdepartmental group. LASI propose that consideration be given to the inclusion in the Migration program of a category – sexual service provider. Persons entering Australia in this regard could do so for a limited duration. They would not be bonded in any manner. They would have no debt to repay to a trafficker. They would enjoy all of the entitlement of any other temporary resident in Australia. Undertakings could be entered into with owners of lawful brothels and escort agencies to ensure compliance with visa conditions to ensure no abuse of the entry permit.

Such a category in the Migration program we could assure you would near stamp out the trafficking of women. This of course would ensure freedom of choice for the sexual service provider. Further undertakings would be given by lawful brothels under a code, with the sexual service provider being free to determine:

- Where they provide sexual service
- When they provide sexual service
- To whom they provide sexual service
- What sexual service they provide

It is acknowledged that there is a hint of radicalism about this concept but LASI say; it could very well become good public policy certainly if it allowed Australia to boast at the United Nations that they had near curbed entirely, the trafficking of women.

LASI maintain this concept is worth exploring, we say it is genuinely worth a trial. A trial in the first instance of a limited duration could do no harm. There is also the consideration of a saving to budget, at least some portion of the previous \$20 million allocation.

Can we establish a process for progressing this alternative for as you say the Department is always, always looking at alternatives?

Yours truly
Original signed on LASI letterhead

SHARON MACCAUL
Co-PRESIDENT

YVETTE SKINNER
co PRESIDENT

Copy also to Phillip Ruddock Attorney General and Senator Christopher Ellison

There is of course one final approach to combatting organized crime in the lawful component of the sex industry and it goes to the need for one Victorian Government agency to truly meet its charter objectives, but first.

The Commonwealth Government has probably got it right with the role of the Australian Federal Police, the role of other Commonwealth agencies in their crime fighting approaches, and the Victoria Government has probably got it right with their own Sex Industry Coordination Unit within Victoria Police; the Business Licensing Authority for all of its failing (another topic for another day) probably achieves one of its goals in – *to seek to ensure that criminals are not involved in the sex work industry* – do so with the vigor with their approach to the progressing of applications for sex work service providers licenses.

That same objective referred to above is s.4 Objects of the Act, contained in the Sex Work Control Act 1994. These same objectives apply to the agency charged with the administration of the Act, namely Consumer Affairs Victoria.

CAV have a well-documented history of 'responsibility shifting'! CAV have been and continue to be the first to absolve themselves of legislative responsibility and say, 'Oh that is the responsibility, of the councils, or the police should be doing that but it is never them that acts and if CAV were to act with propriety then we would be well equipped to combat organized crime in the lawful sex industry.

AAEI regrets that it cannot contribute more to your inquiry, given the limited terms of reference but say that all of the aforesaid is valuable to your deliberations.

AAEI is content to meet with the Commission and further discuss this submission if you see merit in such a course.

August 2015
Further comment:
William Albon.

