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Letter of Transmission

October 2007



The Hon Judy Spence MP
Minister for Police and Corrective Services
PO Box 195
BRISBANE ALBERT STREET QLD 4002

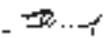
Dear Minister

The Office of the Prostitution Licensing Authority is pleased to present our Annual Report for the financial year 2006-07. The report fulfils the requirements of section 109 of the *Prostitution Act 1999* and section 461 of the *Financial Administration and Audit Act 1977*.

Yours sincerely



Mr Manus Boyce QC
Chair



Mr Lance Pollard
Member



Dr Diane Rowling
Member



Cr Ann Bennison
Member



Assistant Commissioner J McDonnell
Member



Mr John Callanan
Member



Ms Annette Murphy
Member



Ms Wendy Edmond
Member

Highlights of the Year

August	October	December	February
<p>Parliamentary assent of the <i>Prostitution Amendment Bill 2006</i>.</p> <p>The Act to be later proclaimed.</p>	<p>CMC releases final report on escorts and recommends against the introduction of outcall prostitution services from licensed brothels.</p>	<p>New community representative Wendy Edmond, appointed by the Minister, to the PLA</p>	<p>PLA releases revised website</p> <p>PLA participates in Sexpo</p> <p>The <i>Summary Offences and Other Acts Amendment Act 2007</i> assented to by the Governor in Council. This Act amends the functions of the Independent Assessor under the <i>Prostitution Act 1999</i>. The amendments do not take effect until the proclamation of the <i>Prostitution Amendment Act 2006</i>.</p>

Abbreviations

ACT	<i>Prostitution Act 1999</i>
CMC	Crime and Misconduct Commission
DIR	Department of Industrial Relations
EEO	Equal Employment Opportunity
FAM	Finance and Administration Manual
ICT	Information and communication technology
ISSC	Information Security Steering Committee
IT	Information Technology
LGAQ	Local Government Association of Queensland
PETF	Prostitution Enforcement Task Force (Queensland Police Service)
PIM	Probity Investigation Manual
PLA	Prostitution Licensing Authority
QPS	Queensland Police Service
QSA	Queensland State Archives
SLA	Service Level Agreement
SQWISI	Self-Health for Queensland Workers in the Sex Industry



Message from the Chair

This year has seen the number of licensed operating brothels in Queensland increase from 21 in 2005-06 to 24 in 2006-07.

In 2004 the Crime and Misconduct Commission (CMC) released its report *Regulating Prostitution: An Evaluation of the Prostitution Act 1999 (Qld)*.

The CMC considered that the aims of the Act have been achieved. The CMC found no evidence of police corruption or organised crime in the legal prostitution industry – for either licensed brothels or sole operators.

The CMC was of the view that Queensland's current regulatory model is one of the best in Australia and reported that the regulatory approach taken by the PLA has resulted in a crime free legal industry that provides one of the safest and healthiest environments for legal sex workers in Australia.

Importantly, the CMC considered that the impact of licensed brothels on the community had been minimal.

It is important to remember that prostitution is a public health issue. It has been said that in no other occupation is there so high a risk to the worker or to the customer.

The PLA regulates legal brothels in Queensland to ensure that they provide a safe and healthy environment for sex workers and their clients. Public health requirements are observed. The safety of sex workers in legal brothels has been successful. However, street sex workers continue to be at significant risk of physical violence.

The Authority continues to implement the policy of the legislation.

I place on record the Authority's appreciation of the support given to it by the current Minister, the Honourable Judy Spence MP. We also recognise and value the assistance of the various departmental officers in the Queensland Police Service (QPS), Queensland Health (QH) and the Department of Industrial Relations (DIR) who have so professionally supported and enhanced the work of the Authority.

I extend my thanks to my colleagues on the PLA Board who have a great wealth of knowledge and experience and who are invaluable in assisting me as Chair.

I also extend my appreciation for the dedication and committed professionalism of our staff, so ably led by the Registrar, Ms Margaret Isaac.

A handwritten signature in black ink, appearing to read 'Manus Boyce QC'. The signature is stylized and written over a horizontal line.

Manus Boyce QC
Chair



Registrar's Report

This year has seen a number of changes and important matters dealt with such as, the resignation of board member Lynette Palmen due to pressing work commitments of Women's Network Australia, the appointment of Ms Wendy Edmond to the Board, the release of the CMC's final report on the introduction of outcall prostitution services from licensed brothels, finalising development of the PLA's probity and compliance database, preparation of drafting instructions for amendment to the Prostitution Regulations, completion of a Regulatory Impact Statement concerning possible fee increases, the opening of three new brothels and the closure of Self-Health for Queensland Workers in the Sex Industry (SQWISI).

It is with anticipation that we await the government's decision on the CMC recommendations in respect of outcall services from licensed brothels.

Thankyou to the Prostitution Enforcement Task Force (PETF), QH and DIR, who provide invaluable advice and support to the Authority. My thanks also to SQWISI who for the last six years contributed to our education and understanding of Queensland's sex industry. The Authority continues to be well placed to execute its statutory role in a way which should meet the expectations of the legislators and of the wider community.

I cannot finish the year without mentioning my work colleagues. Thankyou for your extraordinary efforts, your commitment to task and all those extra miles!

A handwritten signature in black ink, appearing to read 'm Isaac'.

Margaret Isaac
Registrar



Our Mission

To ensure that licensed brothels are regulated in the community interest.

Our Values

- Respect
- Integrity
- Health and safety
- Impartiality

Our Operating Principles

The PLA acts in the public interest.

The PLA is committed to preventing corruption and organised crime in licensed brothels.

The PLA is committed to promoting and improving safety and health in the sex industry and in the wider community.

The PLA places emphasis on consultation to reach the objectives of the organisation.

The PLA provides a stimulating, satisfying and safe work environment free from discrimination on the basis of gender, race, religion, sexual preference or disability.

The PLA operates to ensure that all its activities are based on the best information and research available to it.



Welcome to the
Prostitution Licensing Authority





Welcome to the Prostitution Licensing Authority

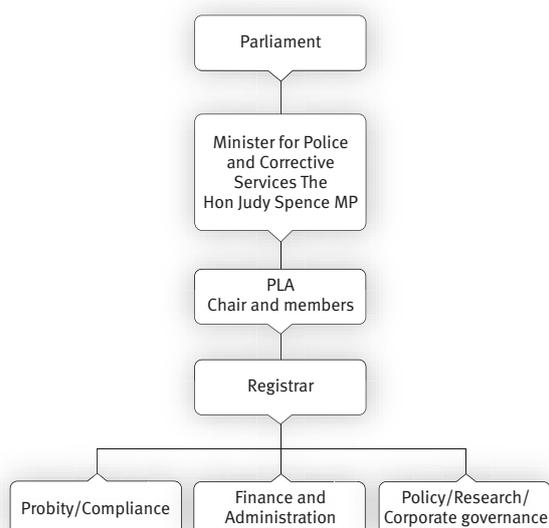
Our Purpose

To regulate prostitution in Queensland by implementing the Act.

Reporting Structure and Organisation

The PLA employs eight full-time officers under the *Public Service Act 1996* to support the work of the PLA. Staff of the PLA are managed by the Registrar, who in turn reports to the PLA. The PLA reports to the Minister for Police and the Parliament.

■ Figure 1: PLA organisational structure



We administer one non-departmental output:

1. Brothel licensing and monitoring prostitution through licensed brothels.

The PLA

The Act establishes the PLA and prescribes its membership, which must include:

- the Chair – an independent, respected member of the community nominated by the Premier
- the Commissioner of Police, or a police officer of at least the rank of superintendent nominated by the commissioner
- the Chairperson, or the Assistant Commissioner, Crime, of the CMC
- a doctor who has at least five years' experience in community health
- a lawyer who has been admitted for at least five years and has knowledge of or experience in administrative law, company law or criminal law
- a senior representative of the Local Government Association of Queensland (LGAQ)
- two persons who, in the Minister's opinion, are qualified to represent community interests.

Role of the PLA

The PLA decides applications for brothel licences and managers' certificates. In addition, the PLA is responsible for:

- monitoring the provision of prostitution through licensed brothels
 - conducting probity investigations into licence and certificate applicants
 - conducting disciplinary inquiries in relation to licensees and approved managers
 - disciplining licensees and managers
 - receiving complaints about prostitution
 - liaising with and assisting the police service
 - liaising with local authorities
 - collecting fees under the Act
 - informing relevant government departments and agencies about possible offences that are detected while carrying out its functions
- advising the Minister about ways of promoting and coordinating programs that –
 - (i) promote sexual health care; or
 - (ii) help prostitutes to leave prostitution; or
 - (iii) divert minors and other vulnerable persons from prostitution; or
 - (iv) raise awareness in prostitutes, judicial officers, police, community workers and the community about issues relating to prostitution;
 - advising the Minister about the development of codes of practice for licensed brothels
 - approving advertising for prostitution
 - maintaining a licence and certificate register
 - providing support to the independent assessor.



01



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03



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Current Membership

The current members of the PLA have been appointed by Governor-in-Council until May 2008.

01 Mr Manus Boyce QC, Chair

Mr Boyce graduated from the University of Queensland with Bachelor of Laws and Bachelor of Arts degrees. Then followed seven years as a solicitor and 20 years at the Bar, including four years as Queen's Counsel. He served on the Committee of the Bar Association and the Barristers' Board for five years, and was the Bar Association representative on the Legal Aid Commission for a period of two years. From 1982 to 1988 he also lectured part-time in Professional Conduct at the Queensland Institute of Technology Law Faculty. In 1988 he was appointed a District Court Judge. He was a member of the Standing Committee of Convocation at the University of Queensland for 36 years and was Warden of Convocation from 1995 to 1998. In 1999 he was awarded a Medal for Distinguished Service to the University of Queensland. Mr Boyce was appointed for three years until May 2008.

02 Dr Diane Rowling

Dr Rowling is a Public Health Physician with a special interest in sexual and reproductive health. She is currently the Senior Medical Officer with the Brisbane Sexual Health and AIDS Service and is a former Medical Director of Family Planning Queensland. She has held community health positions in the Northern Territory and regional Queensland with a focus on indigenous health issues. Dr Rowling is appointed as a medical practitioner who has at least five years'

experience in community health as per legislation. Dr Rowling was appointed for three years until May 2008.

03 Assistant Commissioner John McDonnell

Mr McDonnell is an Assistant Commissioner attached to the Deputy Commissioner's Office, QPS. Mr McDonnell was the former inaugural head of the Ethical Standards Command, QPS and former Assistant Commissioner of the Northern Region, QPS. Among his many appointments within the QPS, Mr McDonnell has served with the United Nations Peacekeeping Force in Cyprus, the Fitzgerald Implementation Unit and was the Director of Operations, Criminal Justice Commission. He was awarded the Australian Police Medal in January 1994. Mr McDonnell is an officer of at least the rank of superintendent, and has been nominated by the Police Commissioner as his representative. Mr McDonnell was reappointed for three years until May 2008.

04 Cr Ann Bennison

Cr Bennison has a Bachelor of Arts degree and is a Fellow of the Australian Institute of Company Directors. Cr Bennison is the Brisbane City Council member for Enoggera Ward, a position she has held since 1994. Cr Bennison is the Deputy Chair of Council and serves on the Urban Planning and Economic Development, Environment and Sustainability, and Public Transport Committees. Cr Bennison is the Senior Vice President of the LGAQ and a Director of the Australian Local Government Association. Cr Bennison has previously worked in finance and industrial relations. As per legislation, Cr Bennison was appointed to the PLA as a senior representative of the LGAQ. Cr Bennison was reappointed for three years until May 2008.

¹ Four members of the PLA are women, representing 50% of the membership.



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06



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05 Mr John Callanan

Mr Callanan is the Assistant Commissioner, Crime, of the CMC. He is involved in a wide range of responsibilities and functions at the senior executive level of the CMC and the management and coordination of investigations into criminal paedophilia, major crime and organised crime. Prior to his appointment as Assistant Crime Commissioner of the Queensland Crime Commission, and later Assistant Commissioner, Mr Callanan had over 20 years' experience in the criminal justice system as a Crown prosecutor, as a barrister in private practice on the Prosecutions Task Force and for the Office of Special Prosecutor. He was also counsel for the Fitzgerald Inquiry. Mr Callanan was reappointed for three years until May 2008.

06 Ms Annette Murphy

Ms Murphy is a past recipient of the Queensland Child Protection Award – Professional Category – in recognition of her contribution to child protection in Queensland – 1998. Ms Murphy was also awarded a Winston Churchill Memorial Trust Fellowship in 2002 to examine the role of registered nurses in child protection in the USA, UK, Sweden and Denmark. She is the former coordinator of the Child Protection Unit at the Mater Children's Hospital and is currently the Acting Manager, SCAN Team Support and Development Unit, Department of Child Safety. Ms Murphy was reappointed for three years until May 2008.

07 Mr Lance Pollard

Mr Pollard is a solicitor in private practice and is currently a partner with Bennett & Philp. He has had extensive experience in the areas of commercial litigation, corporate and personal insolvency, debt recovery, administrative law, trade practices law and company law. Mr Pollard is appointed to the PLA as a lawyer who has been admitted for at least five years, and who has knowledge and experience in administrative law, company law or criminal law as per legislation. Mr Pollard was reappointed for three years until May 2008.

08 Ms Wendy Edmond

Ms Edmond is a former Minister for Health and Minister for Employment and Training with the Queensland Government. As a backbencher, Ms Edmond served on the inaugural Parliamentary Criminal Justice Committee and as Chairperson for the budget estimates committee examining the Departments of Health, Education and Employment, Training and Industrial Relations. Prior to her election to the Queensland Parliament in December 1989 Ms Edmond worked as a health professional in nuclear medicine and radiation therapy in New York, Montreal, Edinburgh, Copenhagen, Adelaide, Melbourne and Brisbane. Ms Edmond was appointed until May 2008.



09

09 Ms Lynette Palmen AM

Ms Palmen AM is the founder and Managing Director of Women’s Network Australia. The organisation has a membership in excess of 1200 with over 35,000 women benefiting from its existence annually. Ms Palmen AM is a board member of the Ministerial Taskforce on Work and Family, the Deputy Chair of the Premier’s Council for Women, Chair of The Lord Mayor’s Business and Domestic Violence “Crossing the Boundaries” Strategy and board member on the Advisory Committee for the Centre for Movement Education and Research, Griffith University. Ms Palmen AM was recognised by the appointment of Member of the Order of Australia (AM) in the Queen’s Birthday Honours List for her service to the community, particularly through promoting public awareness of the existing and emerging issues affecting women and in providing expertise to a range of charitable and not-for-profit organisations. Ms Palmen resigned in August 2006 due to the pressing work commitments of Women’s Network Australia.

Meetings and Special Meetings

The PLA held eleven ordinary meetings over the financial year 2006-07.

■ Table 1: Attendance at meetings of the PLA

Name	Number attended (n = 11)
M. Boyce (Chair)	11
J. McDonnell	10
J. Callanan	8
A. Bennison	8
L. Palmen (resigned August 06)	Nil
A. Murphy	8
L. Pollard	9
D. Rowling	10
W. Edmond	4

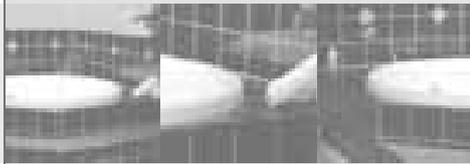
Remuneration

The chair and members of the PLA were collectively paid \$43,038 during the financial year 2006-07, as determined by Governor-in-Council.



Our Performance





Our Performance

Income Statement

The Income Statement is used to compare revenue to expenses over the financial year.

Revenues of the Authority are sourced primarily from a Government grant through an administered appropriation received by the QPS. The other major source of funds includes fees for brothel licences and managers' certificates. The growth in fees revenue is due to three new licensed brothels opening during 2006-07.

Balance Sheet

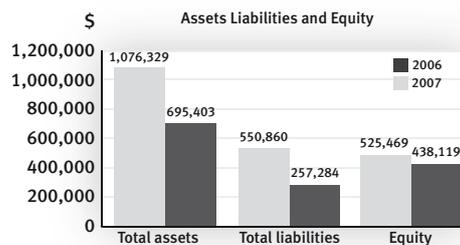
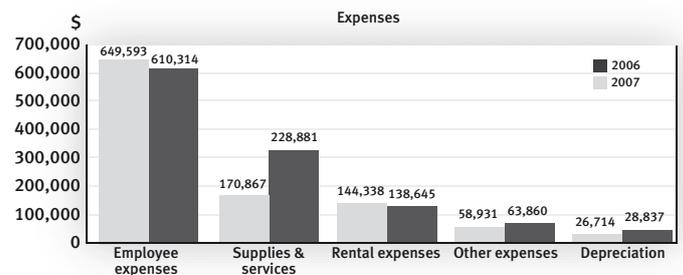
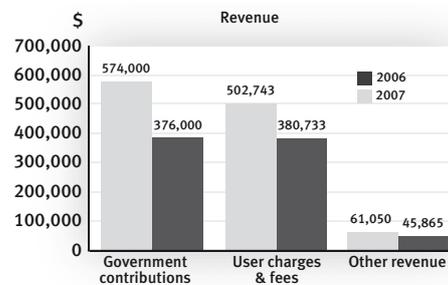
The Balance Sheet measures the value of assets, liabilities and equity of the Authority as at 30 June 2007.

Our cash assets have increased as a result of the re-scoping of the industry monitoring program which will now commence during 2007-08. There has also been some growth in the number of brothel licences and managers' certificates granted and renewed.

Cash Flow Statement

The Cash Flow Statement measures the inflows and outflows of cash through the year, and classifies those transactions into either operating or investing activities.

Cash flow in the Authority is generated primarily from operating activities, where the significant in-flows include revenue from a Government grant and fees for brothel licences and managers' certificates. Significant outflows are employee expenses, supplies and services for operational requirements and payments for lease commitments. The year ended in an increase in cash from \$531,945 at 30 June 2006 to \$894,011 at 30 June 2007.



Key Performance Measures

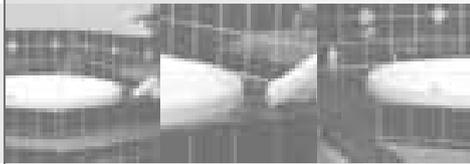
The PLA established some key performance measures to benchmark its corporate performance. We reported these measures to the public and to the parliament through the state budget process. The following table shows our key performance indicators, the expectations we had about our performance at the beginning of the financial year, and the performance we actually achieved over the year.

■ Table 2: Key performance measures, 2006-07

Measures	What we said we would achieve	What we achieved
1. Number of licensed brothel premises operating	21	24
2. Number of brothel and certificate applications investigated	137	161
3. Number of brothel and certificate applications decided	96	154
4. Percentage of complaints resolved	>91%	98%
5. Number of compliance activities conducted	198	195
6. Number of licensed brothels implementing safety and security arrangements ¹	21	24
7. Number of brothels requiring six-weekly health certificates ²	21	24
8. Applications processed within the PLA and forwarded to the QPS within 30 days	95%	90%
9. Advertising requests processed within 30 days	95%	95%
10. Complaints to the PLA about prostitution resolved within 30 days	90%	95%

¹ All Queensland's legal brothels have implemented safety and security arrangements.

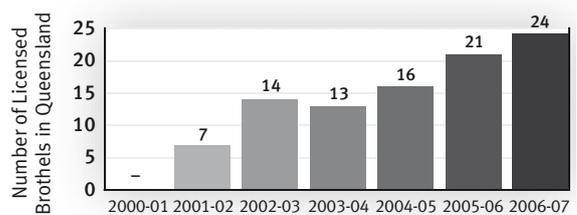
² All Queensland's legal brothels require six-weekly sexual health certificates from sex workers.



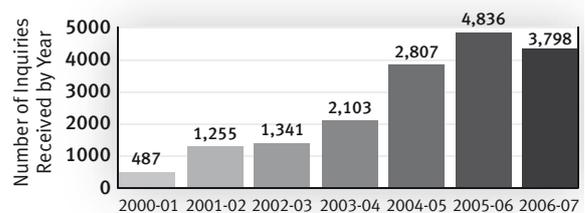
Statistical Highlights

- 24 licensed brothels operating in Queensland
- 175 brothel licences and 455 managers' certificates granted to date in relation to brothels in Queensland
- 34 police entries made to 18 licensed brothels during 2006-07 (Refer Table 9 on page 35)
- 14,663 requests for advertisements were lodged with the PLA for approval. Most applicants complied with prostitution advertising requirements during 2006-07 with 13,713 (93%) being approved. The majority of print advertising approval requests (96%) were considered within one day and 95% of website advertising approval requests were considered within five days
- 3,798 inquiries responded to during 2006-07. Feedback from clients has indicated a number of inquiries are met through the PLA website which has contributed to the decrease in direct inquiries to the PLA when compared with 4,836 during 2005-06.
- 75 complaints responded to during 2006-07, compared with 100 complaints during 2005-06

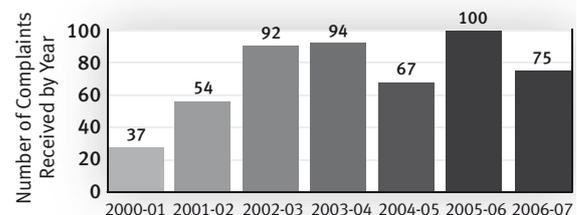
■ Figure 5: Number of licensed brothels operating by year in Queensland



■ Figure 6: Number of inquiries received by year



■ Figure 7: Number of complaints received by year





The Environment in which we Operate





The Environment in which we Operate

The Queensland Government has continued its commitment to prostitution law reform, which has been ongoing since the Fitzgerald Inquiry in 1989. The PLA considers that the first five years have been successful in establishing licensed brothels in Queensland.

Five principles guided the initial development of the framework for the regulation of prostitution in Queensland:

- Ensuring the quality of life for local communities
- Safeguarding against corruption and organised crime
- Addressing social factors which contribute to involvement in the sex industry
- Ensuring a healthy society
- Promoting safety.

The PLA has worked to support these principles and continue the orderly development of the licensed industry in Queensland.

The PLA regards workplace health and safety for workers in the licensed sex industry as a high priority.

By and large the Queensland community accepts a strictly regulated industry. The community generally accepts the restrictions placed on the licensed sex industry.

The CMC has reported that there is no evidence of involvement by organised crime in licensed brothels in Queensland.

The number of licensed brothels operating in Queensland has increased from 21 in 2005-06 to 24 in 2006-07.

The PLA has maintained its support for the industry. In March 2006, after consultation with Government agencies, industry representatives and licensees, the PLA released the Guidelines for the Operation of Licensed Brothels in Queensland. The resource provides a point of reference for brothel operations and a useful guide for licensees pursuing best practice.

In September 2005 the CMC examined through a public hearing process the question of whether legal outcall prostitution services in Queensland should be extended to licensed brothels or escort agencies. The PLA participated in the CMC's inquiry, provided extensive submissions and attended the public hearings.

The PLA supported the extension of regulation to escort services by development of the existing licensing scheme through licensed brothels and licensed outcall.

The CMC indicated concerns regarding risks of sex trafficking and child prostitution. The PLA submitted that the controls in place for licensed brothels were adequate to allay these fears and that it is in the illegal industry that child prostitutes and trafficked women are likely to be found.

In its review of the Act, the CMC observed that all informants to the review, including all government representatives, the PLA, all sex workers and all licensees who were interviewed for the review, were in agreement that the inability of legal brothels to provide an escort or outcall service was the most crucial impediment to the success of the Act.

Some licensees have made clear the considerable difficulties they have in being unable to provide escorts and in competing with the illegal industry.

The CMC has published its final report and has recommended against outcall services from licensed brothels.

The final decision however, as to whether there will be an introduction of escort services from licensed brothels is a policy matter for consideration by the Government.





Our Corporate Governance Framework





Our Corporate Governance Framework

Appointment of PLA Members

PLA members are appointed by Governor-in-Council, pursuant to the Act, for a period of not more than five years. A person is disqualified from continuing as a member of the PLA if the person:

- Is an insolvent under administration
- Is convicted of an indictable offence, an offence against the Act or a corresponding law
- Becomes incapable of discharging the duties of a member because of physical or mental incapacity
- Has an interest in a brothel.

The Strategic Planning Cycle

This year we have developed our Strategic Plan for 2007-12 in compliance with the Financial Management Standard 1997 and presented the Plan to the Minister for Police for her consideration. The following documents are utilised by the PLA to support the Strategic Plan:

- A business plan to cover the financial year
- An Information and Communication Technology (ICT) Resources Strategic Plan for the period 2007-12
- A Procurement Plan for the period 2007-12, which includes a Capital Acquisition Program.

The strategic planning cycle in place at the PLA is intended to achieve the following five goals:

1. To ensure an efficient and effective brothel licensing system to regulate prostitution in Queensland
2. To ensure licensed brothels are operating to best practice standards

3. To inform the public about prostitution in Queensland
4. To maintain strategic liaisons with key agencies
5. To provide a safe, fair and productive workplace at the PLA.

Ethical and Professional Conduct

High standards of ethical conduct continue to be one of our major objectives. The Code of Conduct is our key means for directing staff in their ethical obligations. In line with requirements outlined in the Finance and Administration Manual (FAM), the Code of Conduct was reviewed following appropriate consultation.

An ongoing review of the FAM was completed during 2006-07. As the need arose during 2006-07, relevant briefings on FAM procedures were provided to all PLA staff at their regular staff meetings.

To overcome any potential conflict of interest when considering licence and manager's certificate applications, we comply with guidelines established in our Probity Investigation Manual (PIM). The PIM identifies procedures to notify PLA members of the names of individuals associated with licence and certificate applications to ensure a transparent decision-making process.

Risk Management

Under the former Protective Security Manual, the PLA established an Information Security Steering Committee (ISSC). After reviewing the Protective Security Manual we integrated the document into the FAM by creating two separate chapters – Security, and

Risk Management – and we reviewed the functions of the ISSC. Under the new Risk Management chapter of the FAM the newly named Risk Management Steering Committee is responsible and accountable for the use and application of the PLA's risk management procedures as outlined in the FAM, and reports to the Chair of the PLA through the Registrar.

During the year we assessed our risks in relation to all PLA operations. The assessment involved all relevant staff and focused generally on the following areas:

- Information/data
- Physical security
- Staff
- Financial systems/records
- Policies and procedures
- Administration
- Stakeholder consultation

Freedom of Information and Privacy Legislation

Freedom of Information

Section 137 of the Act states that the *Freedom of Information Act 1992* does not apply to any document given to or produced by the PLA under the Act. However, while members of the public are not permitted access to documents, we have developed and published a statement of the affairs of the PLA in compliance with section 18 of the Freedom of Information Act. The statement of affairs is available from our website and explains:

- Our structure and function
- The effect of our activities on the community
- The extent of community participation in PLA policy formulation
- Documents held by the PLA
- Bodies established to provide advice to the PLA.

There were no applications made to the PLA under the Freedom of Information Act during the financial year 2006-07.

Privacy

On 10 September 2001 the Queensland Government approved Information Standard 42 (Information Privacy) which introduced a new administrative privacy regime into the public sector. The aim of introducing these new privacy arrangements is to protect all forms of personal information held in the Queensland public sector from being lost, misused or inappropriately modified or disclosed.

In compliance with Information Standard 42, a Privacy Plan was introduced in 2002-03. The plan is published on the PLA website and outlines the types of personal information we collect, the disclosure of and access to information and how information is stored and disposed of. The Privacy Plan also establishes a procedure for individuals who wish to make a complaint about our management of their personal information.

External Audit

The PLA uses the Queensland Audit Office as its external auditor.



Internal Audit

As we are a small office with a limited budget, we have implemented a framework for a regular systems appraisal instead of a separate internal audit function. The systems appraisal, which is conducted once every three years at a minimum, aims to assess the appropriateness of systems and procedures and the proper functioning of internal controls. The systems appraisal is undertaken in conjunction with the broader risk management process. The next systems appraisal is to be completed in 2008-09.

Public Interest Disclosures

The *Whistleblowers Protection Act 1994* defines a public interest disclosure as a disclosure of information about:

- Someone else's conduct
- Maladministration
- Negligent or improper management affecting public funds
- Danger to public health or safety, or danger to the environment
- Danger to a person with a disability.

There were no public interest disclosures made to the PLA during the financial year 2006-07.

Records Management

The PLA complies with the provisions of the *Public Records Act 2002* and Information Standard 40: Records Management.

During 2006-07 the PLA has worked extensively with Queensland State Archives (QSA) to develop records retention and disposal schedules for both its administrative and core records. This work will continue to ensure the PLA conforms to QSA timeframes for the development of agency specific retention and disposal schedules.



Our Business



Our Business

Brothel Licensing

The number of operational brothels in Queensland increased this financial year to 24. There have been 193 brothel licences and 485 managers' certificates applications received by the PLA to date (refer table 3). To date there have been 175 brothel licences³ and 455 managers' certificates approved, with 45 individual applications currently under active investigation (refer to table 4). We also granted a further three brothel licences for new brothels and one for a brothel that is not yet in operation (see table 5).

■ Table 3: Applications received and approved by the PLA to 30 June 2007

Applications received	Brothel licences		Managers' certificates	
	New	Renewal	New	Renewal
Received during 2000-01	11	-	11	-
Received during 2001-02	19	-	36	-
Received during 2002-03	14	11	33	12
Received during 2003-04	10	17	41	22
Received during 2004-05	9	18	47	33
Received during 2005-06	14	21	69	50
Received during 2006-07	4	27	49	52
TOTAL	81	94	286	169

■ Table 4: Status of all applications received to 30 June 2007

Status	Brothel licences		Managers' certificates	
	New	Renewal	New	Renewal
Approved	57	87	253	168
Withdrawn prior to consideration	24	1	40	3
Under investigation	7	17	16	5
Refused	0	0	0	0
TOTAL	88	105	309	176

Note: Numbers represent individual people rather than brothel sites.

³ Brothels may be owned by more than one individual, each of whom must have a brothel licence and each of whom must reapply for the licence each year. The number of brothel licences therefore exceeds the number of licensed brothels.

Table 5: Licensed brothels

Address	Name of Brothel	Date Opened	Telephone Contact
Brisbane City Council			
476 Boundary Road, Archerfield	YiMi476	24.08.05	3277 7318
180 Abbotsford Rd, Bowen Hills	AABS180	30.02.06	3852 2057
175 Abbotsford Rd, Bowen Hills	Purely Blue	17.08.01	3854 0366
1094 Kingsford Smith Drive, Eagle Farm	Club Tigerlily	19.02.05	3868 4340
120 Robinson Road, Geebung	Truely Elegance	02.05.02	3865 6066
61 Spine Street, Sumner Park	The Oasis at Sumner Park	13.11.04	3715 5166
12 Nile Street, Woolloongabba	Cleo's on Nile	22.10.05	3393 1678
88 Logan Road, Woolloongabba	88 on Logan	13.06.03	3891 1198
945 Fairfield Road, Yeerongpilly	The Viper Room	17.05.02	3392 7070
Redcliffe Shire Council			
22 Brewer Street, Clontarf	Intimate Encounters	20.08.03	3283 6111
Gold Coast City Council			
12 Greg Chappell Drive, Burleigh Heads	Black Orchid	09.03.02	5522 1400
44 Upton Street, Bundall	Silks on Upton	12.03.02	5538 2088
37 Upton Street, Bundall	Utopia in Paradise	01.07.06	5539 0224
29 Expansion Street, Molendinar	Paradise Penthouse	02.09.05	5564 5599
30 Jade Drive, Nerang	Pentagon Grand	12.04.02	5597 0777
Logan City Council			
26 Magnesium Drive, Crestmead	Resort Two Six	19.11.05	3803 1000
Maroochydore Shire Council			
14 Avian Street, Kunda Park	Scarlet Harem	13.12.02	5476 5044
13 Cessna Street, Marcoola	Intrigue of Marcoola	14.02.03	5450 7577
Mackay City Council			
39 Enterprise Street, Paget	Club 7 on Enterprise	08.07.02	4952 6767
Gladstone City Council			
48 Callemondah Drive, Gladstone	Whispers in Paradise	27.01.05	4798 1144
Townsville City Council			
13 Carmel Street, Garbutt	Bluebirds on Carmel	01.10.03	4779 9555
17 Hugh Ryan Drive, Garbutt	Australian Maid	01.07.02	4725 5888
Cairns City Council			
11 Cava Close, Bungalow	Northern Belle	29.12.06	4033 5955
7 Owen Close, Portsmith	Forbidden Apple	21.05.07	4041 3552
Mt Isa			
14 Traders Way Mt Isa	My Room	Not yet in operation	To be advised



Development Approval

In Queensland the location of brothels is a matter for local government, subject to the provisions of the Act. Under the Act, the assessment manager for a development application must grant approval for development of a brothel in an industrial area if the premises are:

- greater than 200 metres distance (measured according to the shortest lawful route) from a residential area or an area intended to be residential
- greater than 200 metres distance (measured according to the shortest lawful route) and greater than 100 metres (measured in a straight line) from any residential building, place of worship, hospital, school, kindergarten, or any other place regularly frequented by children for recreational or cultural purposes to have no more than five working rooms
- able to comply with the Integrated Development Assessment System Code for development applications for a brothel (the Code includes requirements about car parking, lighting, signage and the like).

By the end of the 2006-07 financial year there were 51 applications made to local governments in Queensland for development approval for a brothel. The majority of applications have been for premises in the Brisbane and Gold Coast region (see table 6). Of all these applications, over half were approved.

There are four premises in Queensland which have been granted development approval for a brothel by councils for which the PLA may be considering a brothel licence application or for which a brothel licence application has not yet been lodged (table 7 lists these locations).

■ **Table 6:** Development approval applications for brothel premises

Local authority	Approved	Refused	Withdrawn/ lapsed	Pending	TOTAL
Brisbane	10	4	2	-	16
Gold Coast	5	2*	3	-	10
Townsville	3	-	1	-	4
Cairns	3	1	2	-	6
Logan	2	-	1	-	3
Maroochy	2	-	-	-	2
Redlands	1	-	-	-	1
Toowoomba	-	2	-	-	2
Redcliffe	1	-	-	-	1
Rockhampton	1	-	-	-	1
Mackay	1	-	-	-	1
Gladstone	1	-	-	-	1
Noosa	-	-	1	-	1
Douglas	-	-	1	-	1
Mount Isa	1	-	-	-	1
TOTAL	31	9	11	0	51

* An appeal was lodged for one of these applications with the Independent Assessor and subsequently refused.



■ **Table 7:** Council approved brothel premises for which the PLA may be considering a brothel licence application or for which a brothel licence application has not yet been lodged.

Local authority	Address
Brisbane	1/9 Alton Street, Coopers Plains
*Rockhampton	17 Bush Crescent, Parkhurst
Townsville	28 Leyland Street, Garbutt
Cairns	5 Southgate Close, Woree

*A licence was granted to operate a licensed brothel at the premise. The licence was not issued and the applicant withdrew their application to operate a licensed brothel. The premise still has a change of use approval.

The Independent Assessor

The Office of the Independent Assessor was established in December 2001 to hear and decide appeals about local government decisions on development applications for brothels. During 2006-07 no appeals were lodged with the Independent Assessor.



Mr Stephen Keim SC

Stephen Keim is a barrister of 20 years' experience and has practised in Brisbane throughout that time. In addition to his professional work as a barrister, he serves in a number of positions including member of the Land Court and deputy chairperson of

the Land Tribunal. Mr Keim continues as a member of the Council of the Queensland University of Technology (QUT).

In December 2004 Mr Keim became a Senior Counsel for the State of Queensland.

Exempt Towns

The Act allows the local government of towns with a population of 25,000 or less to make an application to the Minister for Police for the right to refuse any development application for a brothel in their local government area. There are currently 204 towns in Queensland that have received approval from the Minister for Police to refuse development approval for a brothel (see appendix 1 for a full list of all towns who may refuse an application for development approval for a brothel).

Monitoring and Compliance

The Compliance Program

As part of its regulatory function the PLA implements a compliance program to monitor, review and make recommendations on the operational standards of licensed brothel in Queensland. This is achieved through a number of strategies which include:

- Provision of advice and guidance to applicant licensees with respect to development of policies, procedures and operational standards; and
- Ongoing monitoring of existing licensed brothels operations; and
- Activities for improvements to individual brothel operations or across the industry as a whole.

It is a priority of the PLA compliance program to ensure that the operations of licensed brothels are conducted in accordance with the highest standards, commensurate with community expectations and in accordance to Government legislation.

The legislative framework for compliance standards includes the Act, *Prostitution Regulation 2000*, brothel licence conditions and the Guidelines for the Operation of Licensed Brothels in Queensland. In addition proactive liaison with agencies administering other relevant legislative requirements ensures a whole of government approach for monitoring of the licensed industry.

The underpinning requirements of the PLA compliance program are largely articulated through the audit and

inspection of licensed brothels. These onsite activities include the examination of financial records, review of policies and procedures, assessment of facilities and security arrangements within the brothel, the examination of brothel records and the conducting of interviews with staff and sex workers. Auditing is characterised by a number of principals which makes it a reliable and effective method to support brothel management to maintain controls and improve performance.

Operational audits for each licensed brothel in Queensland have been completed and detailed reports of these audits have been provided to the PLA for their consideration. In the 2006-07 year PLA compliance officers undertook 195 compliance activities which included audits, inspections, interviews with prospective licensees as well as meetings with and referrals to, other government agencies. There were a total of 46 audits and inspections conducted and as a result, 98 recommendations for improvements were made.

The compliance unit is also responsible for the management of complaints, maintenance of the complaints data base and the referral of complaints to other relevant agencies. Complaints in relation to brothel operations are reviewed and evaluated using a risk-based approach. Dependent upon the risk, an unannounced or targeted inspection of a licensed brothel may be conducted.



Additional activities within the compliance program include, amongst other things:

- researching relevant prostitution related issues
- monitoring industry best practice
- analysing emergent and technical issues which may impact on the industry
- liaising with relevant government, non-government and industry organisations
- reviewing brothel policies and operational procedures
- developing information and educational resources
- assessing prostitution advertisements
- undertaking advertising surveillance.

The compliance program continues to liaise on a range of issues with key stakeholders including the DIR, QH and PETF.

■ **Table 8:** Operations of licensed brothels controlled through the compliance function of the PLA

	Elements	Outcomes
Harm minimisation and infectious disease control	Measures are in place to control the spread of infectious disease and harm minimisation principals are applied where appropriate	
	Infection control procedures are undertaken in the maintenance of the brothel	Infection controls are maintained to appropriate standards
	Promotion of safer sex practices	Clients and sex workers engage in safer sex practices
	Monitoring of sexual health checks for sex workers	Sex workers have undergone current sexual health assessment
	Monitoring of waste disposal protocols	Appropriate standards of practice are maintained for the disposal of clinical waste and sharps to achieve best practice
	Identification of emergent issues in relation to infectious disease control	Best practice and currency of knowledge is promoted and maintained
	Assessment of clients in relation to sexually transmissible infections or behaviour	Sex workers have control in relation to seeing clients
	Provision of prophylactics	Management of brothels support promotion of public health safer sex practices
Policies and procedures	Operational policies and procedures are developed, implemented and maintained to manage brothel operations	
	Business operations	Business records are maintained to required standards
	Employment of staff and engagement of sex workers	Appropriate industrial instruments and/or practices are adopted
	Workplace Health and Safety	Management understand their obligations under the <i>Workplace Health and Safety Act 1995</i>
	Sexual Health Management	Information and procedures are provided to promote sexual health of sex workers and clients
	Cleaning and sanitising procedures	Suitable and appropriate measures are undertaken for brothel facilities
Safety and security	Risks are identified, assessed and controlled for the brothel	
	Physical and procedural controls are identified, assessed, implemented and monitored for the brothel	Safety and security is maintained or enhanced for the brothel environs
	Physical and procedural controls are identified, assessed, implemented and monitored within working rooms	Measures are implemented to provide safety to workers from clients
Structure and amenities	Layout and facilities of the brothel are suitable for brothel operations.	
	Liaison with applicants	Planning of brothel is undertaken to meet requirements for amenities and structure



Future Developments for the Compliance Program

Contribute to relevant issues considered by the Interdepartmental Working Group on Prostitution.

Consideration of the development of a code of practice for workplace health and safety initiatives for the industry.

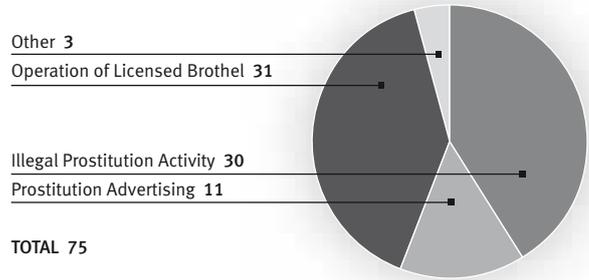
Development of a compliance resource kit to assist new licensees.

Consider the need for relevant workshops for managers of licensed brothels where appropriate.

Complaints

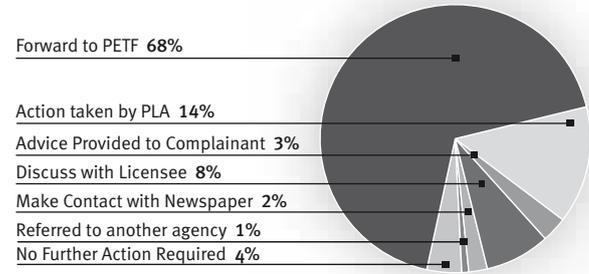
During 2006-07 the PLA received 75 complaints relating to prostitution. The majority of complaints were about licensed brothel operations and illegal prostitution activity (see figure 8).

■ Figure 8: Number and Type of Complaints



Most complaints were resolved by either the PLA itself or referral to the PETF, QPS, for investigation.

■ Figure 9: Resolution of Complaints



To assist in the management of complaints, a database is used to record and monitor all complaints received by the PLA.

Police Entries to Licensed Brothels

During the year we received advice from police and licensees, as required under section 61 of the Act and the conditions of licence, of 34 police entries to 18 licensed brothels, detailed below.

■ Table 9: Police entries to licensed brothels

Brothel	Number of visits
Purely Blue	2
Cleo's on Nile	1
Pentagon Grand	1
The Viper Room	2
88 on Logan	5
Whispers in Paradise	3
Bluebirds on Carmel	2
Black Orchid	2
Truely Elegance	2
Northern Belle	1
Forbidden Apple	1
Intimate Encounters	2
Scarlet Harem	1
AABS18o	3
Intrigue of Marcoola	2
Paradise Penthouse	1
Resort Two Six	2
Silks on Upton	1
TOTAL	34



Liaison and Assistance

Licensed brothels and sex workers operate across the state and the PLA endeavours to offer a range of options to liaise with and provide assistance to the industry. The PLA's objective is to communicate effectively with the industry, stakeholders and the public.

Overall, the PLA's communication can be clustered into three broad groups:

- Members of the public
- The sex industry
- Other key stakeholders.

Communicating with Members of the Public

The PLA office is the primary point of contact for members of the public, licensees, managers, sex workers, the media and any other interested parties requesting information. All calls are responded to and PLA staff are committed to providing an effective level of customer service.

During 2006-07 we reviewed our fact sheet series and updated our client service charter to reflect the recommendations of the CMC review of the Act. Our fact sheet series and client service charter are an integral part of the PLA's communication strategy. They assist interested parties in understanding the work of the PLA and the requirements for involvement in the industry.

Considering the sensitive nature of our core business, opportunities to communicate directly with members of the general public about the PLA and its activities are limited.

We have been acutely conscious that any active public education campaign may appear to be promoting prostitution – a public impression we are careful to avoid. To date we have responded to a small number of invitations from community groups to speak about prostitution and brothel licensing.

During the year we continued to add to our library which contains publications, reports, media articles and other material on prostitution and brothel operation. The library is accessible to members of the public and applicants and has been particularly useful to students in their preparation of university assignments.

The PLA Website

The PLA website is an important vehicle by which the PLA makes information available to the industry and the public on an ongoing basis. During 2006-07 the PLA redesigned its website to enhance the level of information provided. The redesign was based on feedback received by client groups and is intended to improve the delivery of information.

The PLA places a range of information on the website that relates to the industry. To enhance our service, PLA application forms are available on the website, including our schedule of fees, as well as advertising policies for sole operators and licensed brothels. Copies of PLA publications are also available as well as links to other sites that may be of interest to both the industry and the public.

As the website provides one of our primary means of reaching our stakeholders on an ongoing basis, we ensure that many of our publications are available electronically, such as *Selling Sex in Queensland*, *In Touch* and the *Handbook for Approved Managers*.

The PLA Stand at Sexpo

Each year the PLA staffs an information booth in the 'Sexual Health and Education' section of Sexpo to distribute information about brothel licensing and the legal framework for prostitution in Queensland. The PLA staff once again attended Sexpo, which was held from 22 to 25 February 2007. Sexpo is an annual health, sexuality and lifestyle exhibition staged in Melbourne, Sydney and Brisbane which is open to members of the public aged over 18 years. Sexpo provides a useful forum to distribute information to the general public about the PLA and its activities in an appropriately adult-only forum. The PLA joined other government and non-government agencies in the Sexual Health Education section in an effort to emphasise sexual health.

It was encouraging to see the level of interest our stand generated and provided a great opportunity to give advice and information to members of the public and workers in the industry.

To assist staff engage in public education activities, we use a multimedia presentation about the PLA and its activities. The multi media presentation was updated during 2006-07 and again, the presentation was successful at Sexpo as well as in other smaller forums.

Communicating with the Sex Industry

During 2006-07 we published four editions of our quarterly industry newsletter *In Touch*. *In Touch* was developed because, while we had contact and liaison with brothel licensees and managers through the compliance unit and through the annual renewal of applications, our communication with sex workers and other brothel staff needed further development.

In Touch is distributed to all licensed brothels for the general interest of workers in the industry. Multiple copies of the newsletter were also distributed to SQWISI's Queensland offices for other sex workers and to an expanding mail-out list.

In Touch has included articles on the role of other government agencies, pertinent health related issues and items considered of interest to sex workers. The PLA has also been keen to respond to other agencies, such as sexual health clinics, who have sought to place advertisements relevant to the industry in *In Touch*.

The PLA continued to meet with licensees every twelve months as they applied for their licences. This is an ideal opportunity for licensees to provide feedback to the PLA and to raise any issues pertinent to their operations.



Communicating with Other Key Stakeholders

We met, as required, with our key stakeholders and have assisted other agencies perform their functions with regard to prostitution issues. Table 10 shows the number of meetings we held with those key stakeholders.

■ **Table 10:** Key stakeholders attending meetings with the PLA 2006–07

Group	Number
Licensees and managers, applicants, potential applicants	14
QPS	29
SQWISI	4
Other government agencies	13
Sex workers	6
Media	1
Ministerial	3
Members of the public/students	10
TOTAL	80

Feedback

We recognise the importance of obtaining feedback to improve the services we provide and use a number of feedback mechanisms, including:

- Results of client and key stakeholder satisfaction surveys
- Information requests received through the office administration
- Information generated through audit and inspection processes
- Feedback received through In Touch and the PLA website
- Feedback based on questions from community presentations
- Annual report feedback.

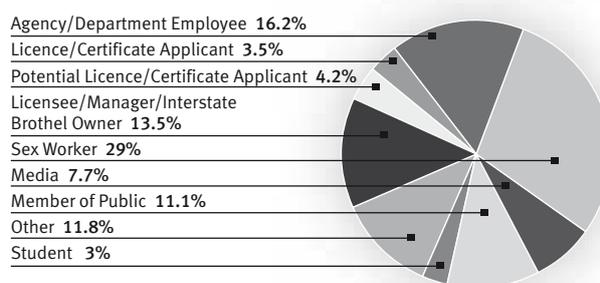
This information is analysed on an ongoing basis to identify emerging issues and information requirements and incorporated into appropriate communication strategies or business processes.

Inquiries

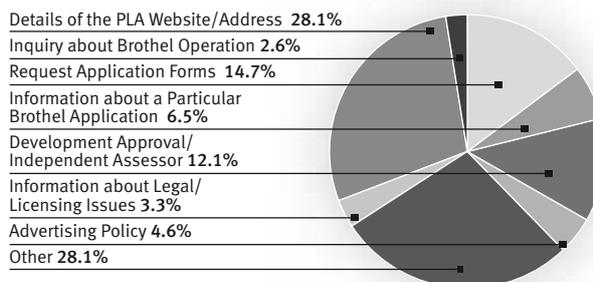
Over a four month period the PLA recorded having responded to approximately 1266 inquiries about prostitution and related issues.

Figure 10 shows that inquiries generally come from brothel licensees and managers, sex workers, members of the public and other government agencies. The most common categories of inquiry are legal or brothel licensing questions, questions about prostitution advertising, and questions about brothel operation. As you can see from Figure 11 inquiries of this nature were often referred to our recently re-designed website.

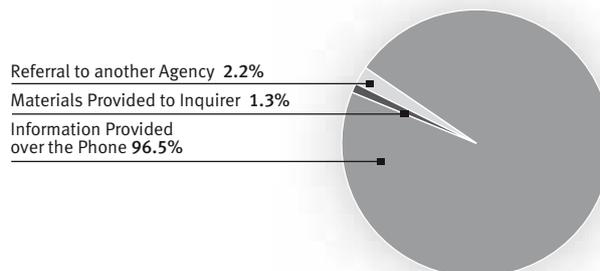
■ Figure 10: Source of Recorded Inquiries 2006-07



■ Figure 11: Nature of Recorded Inquiries 2006-07



■ Figure 12: Response to Recorded Inquiries 2006-07



Supporting our business

Our People

The PLA recognises that our employees are our most important asset and values the contribution of all its' people. PLA staff are highly trained and skilled in the work they undertake with our staff specialising in areas such as finance, administration, policy, research, audit and compliance processes.

The PLA has a focus on client service and all staff embrace a professional approach to service delivery within a healthy and positive work environment.

This year our staff numbered eight full-time staff members, 62% of whom are women (see tables 11 and 12).

The PLA's success depends on building the capability of our people. Recognising the benefit of relevant training, staff and management work together to identify appropriate development opportunities, which assist both individual career progress and strengthens the PLA's overall capability.

The PLA encourages all staff to undertake relevant professional development and staff have participated in on-site and external training programs. Training included courses in computer training, financial management and leadership.

Due to the small number of staff, the PLA is in the unique position of being able to maximise open communication processes. Regular fortnightly staff meetings provide an ideal forum to ensure staff are kept well informed and to resolve any issues that may be identified.

There was no overseas travel undertaken by either PLA staff or by members of the PLA.

■ Table 11: PLA staff

Staff category	Female	Male
AO7-SO1	3	2
AO4-AO6	1	1
AO2-AO3	1	
TOTAL	5	3

Note: The PLA currently has 2 positions vacant.

■ Table 12: PLA staff membership of Equal Employment Opportunity (EEO) target groups

Target group	Number	Per cent
Women	5	62%
People from a non-English-speaking background	0	0
Aboriginals/Torres Strait Islanders	0	0
People with a disability	0	0

Finance and Administration

The finance and administration section of the PLA comprises three full-time staff members who deliver a range of services to support the operations of the PLA. Finance and administration also has a key role in the development and implementation of effective resource management.

During the 2006-07 financial year, finance and administration developed and reviewed several processes that influenced the PLA's outcomes. These include:

- Reviewing the FAM and other policies and procedures to ensure the conduct of the financial, administrative and human resource activities of the PLA comply with whole of government legislation, policies and directives
- Contributing to the review of advertising policies which included consultation with relevant publishers
- Improving the efficiency of brothel licence and manager's certificate application processing
- Reviewing the business management process and implementing integrated budgeting with operational planning
- Reviewing the Corporate Services Service Level Agreement (SLA) between the QPS and the PLA with Partner One and CorpTech. Services such as payroll, processing payments and SAP support are provided by the shared services providers
- Streamlining in-house electronic filing systems to ensure adequate recording and security of information and documentation

- Producing corporate information and documentation for distribution to the community, key stakeholders and the industry.

Under our human resource management policies, ongoing development and implementation of the health and safety management system ensures that the PLA can provide a safe environment for employees, visitors and contractors. To support PLA staff, access is available to employee assistance services provided by the QPS. The PLA's recruitment practices ensure that staff possess the skills and knowledge needed to continue to achieve its priorities resulting in 'a crime-free legal industry that provides one of the safest and healthiest environments for legal sex workers in the country' (CMC, December 2004).

We did not enter into any consultancy contracts during the year.



Information Management

Another area where we receive assistance from the QPS is for the provision of Information Technology (IT) services and support, which includes maintenance of the PLA website. The assistance provided by the QPS is formalised in a separate IT SLA.

This year the PLA completed development of the internal licensing database for the purpose of recording and reporting on:

- Brothel applicants
- Manager applicants
- Compliance activities
- Development applications for licensed brothels
- Brothel premise information.

Information from the database will improve the PLA's ability to obtain statistical data and other information concerning the licensed brothel industry.

Outlook for 2007-08

The PLA will continue to contribute 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 that will protect the personal safety, rights and property of all Queenslanders. We will continue to work closely with PETF to manage the application process and we are determined to ensure an effective and customer-oriented licensing procedure. We will strive to improve our efficiency and effectiveness in the coming year. To achieve this we will:

- Implement the Government's 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 the Government
- Review the scope of the proposed PLA industry monitoring program
- Continue to progress relevant prostitution-related issues through the inter-departmental working group.



Financial Statements





Prostitution Licensing Authority Financial Report 2006-07

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General Information

This financial report covers the Prostitution Licensing Authority (PLA).

The PLA is a Queensland Government Statutory Authority established under the *Prostitution Act 1999*.

The PLA is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the PLA is:

Level 3
5 Gardner Close
MILTON QLD 4034

A description of the nature of the PLA's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the PLA's financial report please call 3858 9500, email pladmin@iprens.com.au or visit the PLA's Internet site www.pla.qld.gov.au.

PROSTITUTION LICENSING AUTHORITY
INCOME STATEMENT

for the year ended 30 June 2007

	Notes	2007 \$	2006 \$
Income			
Revenue			
User charges and fees	2	502,743	380,733
Grants and other contributions	3	574,000	376,000
Other revenue	4	61,060	45,865
Gains			
Gain on sale of property, plant and equipment	5	-	1,500
Total Income		1,137,793	804,098
Expenses			
Employee expenses	6	649,593	610,314
Supplies and services	7	170,867	228,881
Rental expenses		144,338	138,646
Depreciation	8	28,714	28,837
Other expenses	9	58,931	63,800
Total Expenses		1,050,443	1,070,538
Operating Surplus/(Deficit)		87,350	(266,440)

PROSTITUTION LICENSING AUTHORITY
BALANCE SHEET
as at 30 June 2007

	Notes	2007 \$	2006 \$
Current Assets			
Cash and cash equivalents	10	894,011	531,945
Receivables	11	11,449	12,161
Other current assets	12	1,824	1,689
Total Current Assets		907,284	545,795
Non-Current Assets			
Property, plant and equipment	13	169,045	149,608
Total Non-Current Assets		169,045	149,608
Total Assets		1,076,329	695,403
Current Liabilities			
Payables	14	33,009	26,008
Accrued employee benefits	15	113,298	58,492
Other current liabilities	16	385,959	145,132
Total Current Liabilities		532,266	229,632
Non-Current Liabilities			
Accrued employee benefits	15	18,597	27,652
Total Non-Current Liabilities		18,597	27,652
Total Liabilities		550,863	257,284
Net Assets		525,466	438,119
Equity			
Retained surpluses		525,466	438,119
Total Equity		525,466	438,119

PROSTITUTION LICENSING AUTHORITY
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2007

	Notes	2007 \$	2006 \$
Balance 1 July		438,119	704,559
Operating Surplus/(Deficit)		87,350	(266,440)
Balance 30 June		<u>525,469</u>	<u>438,119</u>

PROSTITUTION LICENSING AUTHORITY
CASH FLOW STATEMENT
for the year ended 30 June 2007

	Notes	2007 \$	2006 \$
Cash flows from operating activities			
<i>Inflows:</i>			
User charges and fees		573,692	370,028
Grants and other contributions		744,000	375,000
GST input tax credits from ATO		33,772	42,486
GST collected from customers		2,490	5,200
Interest receipts		64,264	41,138
Other		-	1,444
<i>Outflows:</i>			
Employee expenses		(603,719)	(634,119)
Supplies and services		(267,369)	(224,764)
GST paid to suppliers		(36,264)	(44,225)
GST remitted to ATO		(2,486)	(5,200)
Other		(76,560)	(212,858)
Net cash provided by (used in) operating activities	17	409,820	(264,890)
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		24,771	50,863
<i>Outflows:</i>			
Payments for property, plant and equipment		(72,525)	(67,398)
Net cash provided by (used in) investing activities		(47,754)	(16,535)
Net increase (decrease) in cash held		362,066	(301,424)
Cash at beginning of financial year		531,945	833,369
Cash at end of financial year	10	894,011	531,945

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

Objectives of the Prostitution Licensing Authority

The Prostitution Licensing Authority (PLA) was established as a statutory body from 1 July 2000 under the *Prostitution Act 1999*. Under the Act, the objectives of the PLA are to establish 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.

During 2006-07, the PLA continued to be substantially funded through non-reciprocal government contributions.

1. Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared in accordance with Australian Equivalents to International Reporting Standards (AEIFRS).

The financial report is a general purpose financial report.

In particular, the financial statements comply with *AAS 29 Financial Reporting by Government Departments*, as well as the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2007, and other authoritative pronouncements.

The Treasurer has mandated the early adoption of *AASB 7 Financial Instruments: Disclosures* (August 2006).

Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the PLA. The PLA controls no other entities.

(c) User Charges and Fees

Application fees for licences and certificates and fees for licences and certificates granted are recognised as revenues of the PLA. Other user charges are recognised as revenues when invoices for the related services are issued.



PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

(d) Grants and Contributions

Government grants, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the PLA obtains control over them. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(e) Cash and Cash Equivalents

For the purposes of the Balance Sheet and the Cash Flow Statement, cash assets include all cash and cheques received but not banked at 30 June as well as deposits at call with financial institutions.

(f) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery. Settlement on these amounts is generally required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. The PLA did not have any bad debts at 30 June 2007.

(g) Acquisition of Assets

Actual cost is used for the initial recording of all non-current physical asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Where assets are received free of charge from another Queensland department (whether as a result of a machinery-of-Government or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland department are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

(h) Property, Plant and Equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following threshold is recognised for financial reporting purposes in the year of acquisition:

Plant and equipment	\$5,000
---------------------	---------

Plant and equipment, including leasehold improvements, is measured at cost. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

All PLA non-current assets are valued at cost, in accordance with Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector* and as such no revaluations are required.

Items with a lesser value are expensed in the year of acquisition.

(i) Depreciation of Property, Plant and Equipment

Property, plant and equipment is depreciated on a straight line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the PLA.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the PLA.

The depreciable amount of leasehold improvements is allocated progressively over the estimated useful life of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of the lease includes any option period where exercise of the option is probable.

It is the intention of the PLA to sell motor vehicles on an annual basis therefore no depreciation is applied.

For each class of depreciable asset the following depreciation rates are used:

Class	Rate %
Plant and equipment	10-33.3%



PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

(j) Impairment of Non-Current Assets

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the PLA determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Income Statement, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(k) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

The PLA held no finance leases at 30 June 2007.

(l) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

(m) Employee Benefits

Wages, Salaries, Annual Leave and Sick Leave

Wages, salaries and annual leave due but unpaid at reporting date are recognised in the Balance Sheet at the remuneration rates expected to apply at the time of settlement. Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not an employee benefit and is recognised separately as employee related expenses. Employer superannuation contributions and long service leave levies are regarded as employee benefits.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to recur in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Long Service Leave

Under the State Government's long service leave scheme, a levy is made on the PLA to cover this cost. Levies are expensed in the period in which they are paid or payable. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

No provision for long service leave is recognised in the financial statements, the liability being held on a whole-of-Government basis and reported in the Finance report prepared pursuant to AAS 31 *Financial Reporting by Governments*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the State Actuary. Contributions are expensed in the period in which they are paid or payable. The PLA's obligation is limited to its contribution to QSuper.

Therefore, no liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in the financial report pursuant to AAS 31 *Financial Reporting by Governments*.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

(n) Insurance

With the exception of motor vehicles, which are insured through Suncorp, the PLA's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF), premiums being paid on a risk assessment basis. In addition, the PLA pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(o) Services Received Free of Charge or for Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and expense.

(p) Contributed Equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-Government changes are adjusted to 'Contributed Equity' in accordance with UIG Abstract 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

(q) Taxation

The PLA is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the Australia Taxation Office are recognised and accrued.

(r) Issuance of Financial Statements

The financial statements are authorised for issue by the Chairman of the Board and the Executive Director at the date of signing the Management Certificate.

(s) Judgements and Assumptions

The PLA has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(t) Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1 or, where that amount is \$0.50 or less, to zero.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

(u) New and Revised Accounting Standards

Disclosure is required when initial application of an Australian Accounting Standard has an effect on the current period or any prior period, would have such an effect, except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods.

In the current year, the PLA had adopted all of the new and revised Standards and Interpretations that are relevant to its operations and effective for 2006-07 reporting period. The adoption of these new and revised Standards and Interpretations has resulted in no change to the PLA's accounting policies.

Disclosure is required when a new Australian Accounting Standard which has been issued but is not yet effective has not been applied.

The PLA cannot early adopt a new accounting standard ahead of the specified commencement date unless approval is obtained from Treasury. The Treasurer mandated the early adoption of AASB 7 *Financial Instruments: Disclosures* in the 2005-06 financial year. No additional standards have been early adopted in 2006-07. Consequently, the PLA has not applied the other Australian Accounting Standards and AASB and UIG Interpretations that have been issued but are not yet effective. These will be applied from their operative date.

At the date of authorisation of the financial report, the following Standards and Interpretations had been issued/revised but were not yet effective:

Title	Operative for reporting periods beginning on/after
AASB 1: <i>First-time Adoption of Australian Equivalents to International Financial Reporting Standards</i>	1 January 2006
AASB 2: <i>Share-based Payment</i>	1 March 2007
AASB 4: <i>Insurance Contracts</i>	1 January 2007
AASB 8: <i>Operating Segments</i>	1 January 2009
AASB 101: <i>Presentation of Financial Statements</i>	1 January 2007
AASB 114: <i>Segment Reporting</i>	1 January 2007
AASB 117: <i>Leases</i>	28 February 2007
AASB 118: <i>Revenue</i>	28 February 2007
AASB 120: <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	28 February 2007
AASB 121: <i>The Effects of Changes in Foreign Exchange Rates</i>	28 February 2007
AASB 127: <i>Consolidated and Separate Financial</i>	28 February 2007
AASB 131: <i>Interests in Joint Ventures</i>	28 February 2007
AASB 132: <i>Financial Instruments: Presentation</i>	1 January 2007
AASB 133: <i>Earnings per Share</i>	1 January 2007

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

AASB 139: <i>Financial Instruments: Recognition and Measurement</i>	28 February 2007
AASB 1023: <i>General Insurance Contracts</i>	1 January 2007
AASB 1038: <i>Life Insurance Contracts</i>	1 January 2007
AASB 1048: <i>Interpretation and Application of Standards</i>	31 March 2007
AASB 1049: <i>Financial Reporting of General Government sectors by Governments</i>	1 July 2008
AASB 2007-1: <i>Amendments to Australian Accounting Standards arising from AASB Interpretation 11 (AASB2)</i>	1 March 2007
AASB 2007-2: <i>Amendments to Australian Accounting Standards arising from AASB Interpretation 12 (AASB), AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139</i>	28 February 2007 1 January 2008
AASB 2007-3: <i>Amendments to Australian Accounting Standards arising from AASB8 (AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 131, AASB 136, AASB 1023 & AASB 1038)</i>	1 January 2009
AASB 2007-4: <i>Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038)</i>	1 July 2007
AASB 2007-5: <i>Amendments to Australian Accounting Standards arising from AASB 123 (AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and interpretations 1 & 12)</i>	1 January 2009
AASB 2007-7: <i>Amendments to Australian Accounting Standards (AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128)</i>	1 July 2007
Interpretation 4: <i>Determining whether an Arrangement contains a Lease (revised)</i>	1 January 2009
Interpretation 10: <i>Interim Financial Reporting and Impairment</i>	1 November 2006
Interpretation 11: <i>AASB 2 - Group and Treasury Share Transactions</i>	1 March 2007
Interpretation 12: <i>Service Concession Arrangements</i>	1 January 2008
Interpretation 129: <i>Service Concession Arrangements (revised)</i>	1 January 2008

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

It is anticipated that the above Standards and Interpretations are either not applicable to the PLA or adoption of them in future periods will have no material financial impact on the PLA financial statements.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

	2007	2006
	\$	\$
2. User charges and fees		
Fees for licences granted	370,647	277,869
Fees for licence applications	74,207	51,738
Fees for certificates granted	2,118	2,073
Fees for certificate applications	54,464	47,571
Other fees	1,107	1,462
Total	<u>502,743</u>	<u>380,733</u>
3. Grants and Other Contributions		
Government operating grant	574,000	376,000
Total	<u>574,000</u>	<u>376,000</u>
4. Other Revenue		
Interest	61,050	39,919
Sale of equipment	-	1,016
Other	-	4,930
Total	<u>61,050</u>	<u>45,865</u>
5. Gains		
Gain on Sale of Property, Plant and Equipment	-	-
Plant and equipment	-	1,500
Total	<u>-</u>	<u>1,500</u>

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

6. Employee Expenses

Employee Benefits		
Wages and salaries	560,323	521,620
Employer superannuation contributions*	65,893	61,184
Long service leave levy*	9,606	8,968
Other	12,317	17,107
Total	648,139	608,879
Employee Related Expenses		
Workers' compensation premium *	1,454	1,435
Total Employee Expenses	649,593	610,314

* Costs of workers' compensation insurance are a consequence of employing employees, but are not counted in employees' total remuneration package. They are not employee benefits, but rather employee related expenses. Employer superannuation contributions and the long service leave levy are regarded as employee benefits.

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:

Number of Employees:	8	8
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7. Supplies and Services

Contractors	26,761	39,319
Materials	30,004	58,181
Travel	12,475	7,593
Repairs and maintenance	18,432	17,199
Communications	16,136	14,121
Department of Police corporate service charges	22,400	20,000
Public utilities	10,245	10,245
Professional development	823	2,971
Assets not capitalised	-	15,068
Other	33,553	44,186
Total	170,867	220,881

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

	2007 \$	2006 \$
8. Depreciation		
Depreciation was incurred in respect of Plant and equipment	26,714	28,837
Total	26,714	28,837
9. Other Expenses		
Insurance premiums - QGIF	1,568	1,560
Insurance premiums - Other	3,431	1,677
Auditor's remuneration - external audit services	9,100	10,000
Chairman and Members' fees	43,008	44,392
Losses from disposal of property, plant and equipment	1,603	5,437
Other	71	394
Total	58,831	63,860

Total external audit fees relating to the 2006-07 financial year are estimated to be \$9,100 (2006: \$10,000). There are no non-audit services included in this amount.

10. Cash and Cash Equivalents

Imprest account	300	300
Cash at bank	531,711	531,645
Total	534,011	531,945

The total for cash assets reconciles to cash at the end of the financial year as disclosed in the Cash Flow Statement.

Cash deposited in the Queensland Treasury Cash Management Incentive Regime from 1 July 2006 to 30 September 2006 earned interest at the rate of 4.96%. (2006: 4.59% to 4.66% - 1 July 2005 to 30 June 2005)

Cash deposited with the Commonwealth Bank of Australia from 1 August 2006 to 30 June 2007 earned interest at the rate of 5.10%.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

	2007 \$	2008 \$
11. Receivables		
Current		
GST receivable	7,195	4,692
Interest receivable	4,254	7,469
Total	<u>11,449</u>	<u>12,161</u>
12. Other Current Assets		
Prepayments	1,824	1,689
Total	<u>1,824</u>	<u>1,689</u>
13. Property, Plant and Equipment		
Plant and equipment		
At cost:	314,815	288,665
Less: Accumulated depreciation	(145,770)	(119,057)
Total	<u>169,045</u>	<u>149,608</u>

Asset Reconciliation

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current reporting period.

	Plant and Equipment 2007 \$
Carrying amount at 1 July	149,608
Acquisitions	72,527
Disposals	(28,376)
Depreciation	(25,714)
Carrying amount at 30 June	<u>169,045</u>

The PLA has plant and equipment with an original cost of \$27,327 and a written down value of zero still being used in the provision of services. This asset is expected to be replaced in 2007-08.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

	2007	2006
	\$	\$
14. Payables		
Current		
Trade creditors and accruals	33,006	25,821
Other	-	187
Total	<u>33,006</u>	<u>26,008</u>
15. Accrued Employee Benefits		
Current		
Recreation leave	63,465	43,030
Long service leave levy payable	717	181
Wages outstanding	40,890	10,325
Other	8,126	4,956
Total	<u>113,298</u>	<u>58,492</u>
Non-Current		
Recreation leave	18,597	27,652
Total	<u>18,597</u>	<u>27,652</u>

The discount rates used to calculate the present value of non-current annual leave are 6.4414% and 6.4464% (2006: 5.3412% and 5.3571%).

16. Other Current Liabilities		
Fees received in advance*		
Fees for licences received in advance	215,347	144,723
Fees for certificates received in advance	812	409
	<u>215,959</u>	<u>145,132</u>
Unearned grant revenue[†]	170,000	-
Total	<u>385,959</u>	<u>145,132</u>

*Fees for licences and certificates received in advance are monies held by the PLA pending a decision whether or not to approve the application.

[†]Unearned grant revenue is for a research program that was due to commence during 2006-07 but will now commence in 2007-08.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

	2007	2006
	\$	\$
17. Reconciliation of Operating Surplus/(Deficit) to Net Cash Provided by (Used in) Operating Activities		
Operating surplus/(deficit)	87,350	(266,440)
Depreciation	26,714	28,837
Loss on sale of property, plant and equipment	1,600	5,437
Gain on sale of property, plant and equipment	-	(1,500)
Property, plant and equipment written off	-	577
Change in operating assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	(2,503)	(1,867)
(Increase)/decrease in other receivables	3,215	1,848
(Increase)/decrease in prepayments	(135)	(129)
Increase/(decrease) in fees received in advance	70,827	(10,772)
Increase/(decrease) in payables	6,908	(16,957)
Increase/(decrease) in accrued employee benefits	45,752	(23,925)
Increase/(decrease) in unearned grant revenue	170,000	-
Net cash provided by (used in) operating activities	409,820	(264,890)
18. Commitments for Expenditure		
Non-Cancellable Operating Lease		
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:		
Not later than one year	154,050	158,824
Later than one year and not later than five years	-	154,050
Later than five years	-	-
Total commitments	154,050	312,874

The operating leases expired during the 2004-2005 financial year. The PLA has exercised the option to continue the tenancy for a further three years.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

18. Commitments for Expenditure cont'd

Operating leases are entered into as a means of acquiring access to office accommodation. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

No renewal or purchase options exist in relation to operating leases and no operating lease contains restrictions on financing or other leasing activities.

19. Contingencies

(a) Guarantees and undertakings

The PLA had provided no guarantees or undertakings at 30 June 2007.

(b) Litigation in progress

There are no known contingent assets or liabilities of a significant nature at 30 June 2007.

20. Events Occurring after Balance Date

There are no events occurring after balance date that materially affect the financial statements at 30 June 2007.

21. Financial Instruments

The Authority has categorised the financial assets and financial liabilities held as:

Financial Assets	Category
Cash	
Receivables	Loans and receivables (at nominal value)
Financial Liabilities	
Payables	Financial liability not at fair value through the Profit and Loss (at nominal value)

Financial assets and financial liabilities are presented separately from each other, offsetting has not been applied.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

21. Financial Instruments cont'd

Financial Risk Management

The PLA's activities expose it to a variety of financial risks – interest rate risk, credit risk and liquidity risk. There is no exposure to currency risk as the PLA operates nationally and does not trade in foreign currency.

Financial risk management is implemented pursuant to the PLA's policy, which seeks to minimise potential adverse effects on the financial performance of the PLA.

The PLA measures risk exposure using a variety of methods as follows -

Risk exposure	Measurement method
Interest rate risk	Modified Macaulay duration
Liquidity risk	Sensitivity analysis
Credit Risk	Ageing analysis, earnings at risk

Cash Flow and Fair Value Interest Rate Risk

The PLA is exposed to interest rate risk through deposits in the interest bearing account. Details are disclosed in liquidity risk.

The variable rate exposes the PLA to cash flow risk.

Credit Risk

Credit risk exposure refers to the situation where the PLA may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The PLA manages credit risk through the use of the Credit Management Strategy. This strategy aims to reduce the exposure to credit default by ensuring that the PLA invests in secure assets and monitors all funds owed on a timely basis, including that it has sufficient funds available to meet obligations at all times. Exposure to credit risk is monitored on a regular basis.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

No significant credit risks have been identified, as exposure is spread over a large number of counterparties and customers.

No collateral is held as security relating to the financial assets held by the PLA. No credit enhancements relate to the financial assets held by the PLA.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

21. Financial Instruments cont'd

The following table represents the PLA's maximum exposure to credit risk:

Maximum Exposure to Credit Risk		
	2007	2006
Financial Assets	\$	\$
Cash	894,011	531,945
Receivables	11,449	12,162
Total	905,460	544,107

Past Due or Impaired

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired.

All receivables are due within 30 days

Financial assets past due but not impaired are disclosed in the Credit, Liquidity and Interest Risk table at the end of this note.

Impaired Financial Assets

The PLA does not have any impaired financial assets.

Liquidity Risk

Liquidity risk refers to the situation where the PLA may encounter difficulty in meeting obligations associated with financial liabilities.

The PLA is exposed to liquidity risk through its trading in the normal course of business.

The PLA aims to reduce the exposure to liquidity risk by ensuring the PLA has sufficient funds available to meet employee liabilities, supplier liabilities and other obligations at all times. This is achieved by ensuring that appropriate levels of cash are held in our bank account so as to match the expected duration of the various employee liabilities, supplier liabilities and fees received in advance for brothel licences and managers' certificates.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

21. Financial Instruments cont'd

The following table sets out the liquidity risk of financial liabilities held by the PLA

Contractual maturity of financial liabilities

	<1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total Financial Liabilities
	\$	\$	\$	\$	\$	\$	\$
2007	20,000	-	-	-	-	-	20,000
2006	20,000	-	-	-	-	-	20,000

Fair Value

The fair value of financial assets and liabilities is determined as follows:

- The fair value of cash assets, receivables and payables approximate their carrying amounts and are not disclosed separately.
- The fair value of prepayments is represented by the book value as the period of time to consumption is short and there are no rates involved in the calculation, therefore they are not disclosed separately.

The PLA does not have any financial assets that are available for sale nor does it offset any assets and liabilities

The following table sets out the credit, liquidity and interest risks of financial instruments held by the PLA in a format as set out below provided to management. The maturity amounts relate to the actual contractual payments before net present value calculation, with the associated adjustment back to book value disclosed.

Credit, Liquidity and Interest Risk Tables
Maturity Date:

	Floating rate	Less than 1 month	1-3 months	3 months to 1 year	1 to 5 years	Greater than 5 years	Adjustment	Carrying amount	Weighted Average Rate:	%
	\$	\$	\$	\$	\$	\$	\$	\$		
Financial Assets										
Non-interest bearing		11,749	-	-	-	-	-	11,749		NA
Variable interest rate	893,711	-	-	-	-	-	-	893,711	6.10%	
Total	893,711	11,749						905,461		
Financial Liabilities										
Non-interest bearing		33,008	-	-	-	-	-	33,008		NA
Total		33,008						33,008		

Credit, Liquidity and Interest Risk Tables
Maturity Date:

	Floating rate	Less than 1 month	1-3 months	3 months to 1 year	1 to 5 years	Greater than 5 years	Adjustment	Carrying amount	Weighted Average Rate:	%
	\$	\$	\$	\$	\$	\$	\$	\$		
Financial Assets										
Non-interest bearing		12,462	-	-	-	-	-	12,462		NA
Variable interest rate	531,645	-	-	-	-	-	-	531,615	4.63%	
Total	531,645	12,462						544,107		
Financial Liabilities										
Non-interest bearing		26,008	-	-	-	-	-	26,008		NA
Total		26,008						26,008		

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

22. Remuneration of Board Members

Remuneration received, or due and receivable by Board Members from the PLA in

	2007	2006
The number of responsible persons whose remuneration from the PLA was within the		
Nil	4	3
\$* - \$10,000	4	4
\$30,000* - \$40,000	1	1

The total remuneration paid to each Board Member of the PLA is as follows:

	\$
Marus Boyce - Chairman	36,600
Mr L Pollard	1,998
Ms A Bennison	1,776
Ms L Palmer AM*	-
Ms A Murphy	1,776
Dr D Rowling	-
Ms W Edmond†	888
Assistant Commissioner G J McDonnell (QPS)	-
Mr J Callinan (Crime and Misconduct Commission)	-
Total remuneration	<u>43,038</u>

* Ms L Palmer AM (retired PLA Member - August 2006)

† Ms W Edmond was appointed February 2007



CERTIFICATE OF THE PROSTITUTION LICENSING AUTHORITY

The general purpose financial report has been prepared pursuant to section 46F(1) of the *Financial Administration and Audit Act 1977* (the Act) and other prescribed requirements. In accordance with Section 46F(3) of the Act we certify that in our opinion:

- (a) the prescribed requirements for the establishment and keeping of the accounts have been complied with in all material respects; and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Prostitution Licensing Authority for the financial year ended 30 June 2007 and of the financial position of the Prostitution Licensing Authority at the end of that year.

JAN JOHNS
Executive Director
21 September 2007

MANUS BOYCE
Chairman
21 September 2007

INDEPENDENT AUDITOR'S REPORT

To the Board of the Prostitution Licensing Authority

Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of Prostitution Licensing Authority for the financial year ended 30 June 2007 included on Prostitution Licensing Authority web site. The Prostitution Licensing Authority is responsible for the integrity of the Prostitution Licensing Authority web site. We have not been engaged to report on the integrity of the Prostitution Licensing Authority web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Prostitution Licensing Authority, to confirm the information included in the audited financial report presented on this web site.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of Prostitution Licensing Authority which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Chairman and the Executive Director of the Prostitution Licensing Authority for the year ended 30 June 2007.

The Authority's Responsibility for the Financial Report

The Authority is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration and Audit Act 1977* and the *Financial Management Standard 1997*, including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with *Auditor-General of Queensland Auditing Standards*, which incorporate the *Australian Auditing Standards*. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Prostitution Licensing Authority, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Auditor's Opinion

In accordance with s 46G of the *Financial Administration and Audit Act 1977*

- (a) I have received all the information and explanations which I have required, and
- (b) in my opinion –
- (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Prostitution Licensing Authority for the financial year 1 July 2006 to 30 June 2007 and of the financial position as at the end of that year.



M Reardon CPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

Appendix 1

Towns where approval has been granted by the Minister for Police for exemption from considering development applications for brothels

Acland	Coolana	Harlin	Mooloolah	Tarampa
Allora	Coominya	Hebel	Moonie	Texas
Antigua	Cooya	Helidon	Moore	Thallon
Appletree Creek	Cooyar	Hivesville	Moranbah	Thargomindah
Aramac	Cordalba	Horton	Mossman	The Causeway
Aratula	Cotswold Hills	Hungerford	Mount Chalmers	The Caves
Atherton	Crawford	Inglewood	Mount Colliery	Theebine
Atkinson Dam	Curra	Innisfail	Mount Molloy	Tinnanbar
Aubigny	Daintree	Jondaryan	Mount Tarampa	Tiaro
Bajool	Dalby	Joskeleigh	Mount Tyson	Tieri
Bauple	Dalveen	Kabra	Mourilyan	Tinaroo
Bauple Estate	Dimbulah	Kairi	Mungindi	Tingoora
Beerburum	Dirranbandi	Kalbar	Murgon	Tolga
Beerwah	Doolbi	Karara	Murphys Creek	Toobeah
Biddeston	Durong	Keppel Sands	Muttaborra	Toogoolawah
Biggenden	El Arish	Killarney	Nerimbera	Torrington
Bingil Bay	Emerald	Kingaroy	Newell	Vernor
Blackall	Emu Park	Kingsthorpe	Nobby	Walkamin
Bollon	Emu Vale	Kinka Beach	Noccundra	Wallangarra
Boonah	Esk	Kulpi	Oakey	Wangan
Booyal	Fernvale	Kumbia	Ogmore	Wangetti
Bouldercombe	Flinton	Kuranda	Patrick's Estate	Warrill View
Bowenville	Flying Fish Point	Kurrimine Beach	Peachester	Warwick
Brightview	Forest Hill	Laidley	Peranga	Westbrook
Bungunyah	Gatton	Landsborough	Pittsworth	Westmar
Burdekin	Glamorgan Vale	Leyburn	Port Douglas	Westwood
Buxton	Glass House Mountains	Linville	Pratten	Windsor Park
Byfield	Glendale	Lowood	Prenzlau	Withcott
Cambooya	Gleenlee	Maclagan	Proston	Witta
Capella	Glenmorgan	Maleny	Quinalow	Wivenhoe Pocket
Cawarral	Glenvale	Mareeba	Silkwood	Wondai
Cecil Plains	Glenwood	Marlborough	Somerset Dam	Wonga Beach
Childers	Gogango	Marmor	South Johnstone	Woodgate
Chillagoe	Goombungee	Maryvale	Southbrook	Wooroolin
Chinchilla Shire	Goondiwindi	Meandarra	St George	Wyreema
Clarendon	Gowrie Junction	Memerambi	Stanthorpe	Yangan
Clermont	Gracemere	Meringandan West	Stanwell	Yarraman
Clifton	Grantham	Millmerran	Stange Bay	Yelarbon
Colinton	Great Keppel Is	Minden	Talwood	Yeppoon
Conondale	Gunalda	Mission Beach	Tannymorel	Zilzie
Coolabunia	Gundiah	Mondure	Tara	



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