

Prostitution Licensing Authority

Annual Report 2008–09



Communication Objectives of this Report

The Prostitution Licensing Authority's (PLA) Annual Report has been prepared to provide readers with a concise summary of the Authority's activities and performance during the 2008-09 year. Our Annual Report serves as the primary mechanism through which we meet our accountability and statutory reporting obligations.

The document accords with the *Financial Administration and Audit Act 1977*, other legislative requirements and Government conventions. The content of this Report has been sourced from the PLA's 2006/07 - 2011/12 Strategic Plan, Ministerial Portfolio Statements, Service Delivery Statements, business plan and performance reports.

With the needs of all clients and interested parties in mind, the Annual Report provides an overview of who we are, and what we do at strategic and operational levels, as well as where we are aiming to be in the future. Our Report aims to build awareness of our operations and confidence in our organisation. It will interest members of federal, state and local governments, industry groups, clients, academia and community groups.

The communication objectives of this Report are to:

- create an awareness of the activities that drive the PLA's performance
- demonstrate how the PLA supports the achievement of the Queensland Government's priorities
- inform readers of the PLA's strategic initiatives
- explain how the PLA works and the mechanisms by which the Authority ensures continual improvement
- account for the way in which the PLA has managed its finances
- explain how the PLA complies with legislation and government policies
- explain how the PLA has performed in the delivery of its output
- inform readers of the ways that the PLA connects with and supports the sex industry.

Interpreter service

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty understanding the Annual Report, you can contact the PLA on 07 3858 9500 and we will arrange an interpreter to effectively communicate the report to you.

Additional copies

The PLA's website is www.pla.qld.gov.au. An electronic version of this Annual Report is available from www.pla.qld.gov.au/reportsPublications/annualReport/. Printed copies can be requested from the PLA office by telephone on (07) 3858 9500, by fax on 07 3876 3641, by emailing plaadmin@iprimus.com.au, or by writing to the Executive Director, Prostitution Licensing Authority, GPO Box 3196, Brisbane, Qld, 4001.

Have your say

We hope you find our Annual Report 2008-09 useful and informative. Our Annual Report is part of our commitment to keeping people informed about prostitution and the implementation of the *Prostitution Act 1999*. The PLA welcomes your comments or suggestions about our Annual Report design and content. Please send your feedback to the Executive Director, Prostitution Licensing Authority, GPO Box 3196, Brisbane, Qld, 4001 or by emailing plaadmin@iprimus.com.au



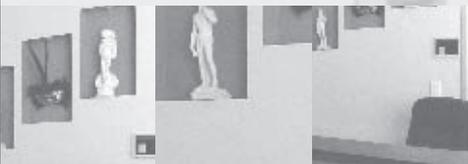
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Letter of compliance



October, 2009

The Hon Neil Roberts MP
Minister for Police, Corrective Services and Emergency Services
PO Box 15195
CITY EAST QLD 4002

Dear Minister

The Prostitution Licensing Authority is pleased to present its 2008-09 Annual Report.

We certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability and Audit Act 1977* and the *Financial Management Standard 1997*, and
- the detailed requirements set out in the *Annual Reporting Guidelines for Queensland Government Agencies*.

A checklist outlining the annual reporting requirements can be accessed at www.pla.qld.gov.au.

Yours sincerely

Mr Manus Boyce QC
Chair

Dr Diane Rowling
Member

Assistant Commissioner P Barron
Member

Ms Annette Murphy
Member

Mr Lance Pollard
Member

Ms Ann Bennison
Member

Mr John Callanan
Member

Ms Wendy Edmond
Member

Level 3, 4, Darbeer Close, Milton
QLD 4054, Australia

Highlights of the Year

August	October	November	February/March
<p>PLA signs contract with Anne Edwards to produce a report to the PLA on the regulation of prostitution in Queensland.</p> <p>Officers of the PLA attend a briefing on the <i>Sex Worker Assessment of Needs</i> report, commissioned by Queensland Health. The PLA had previously made a submission to this review.</p>	<p>Government announces its response to the 23 recommendations of the Crime and Misconduct Commission in its <i>Regulating Outcall Prostitution</i> report.</p>	<p>PLA conducts mail out to judicial officers, pursuant to its function under s. 101(l) of the <i>Prostitution Act 1999</i> of raising in judicial officers awareness of issues about prostitution.</p> <p>PLA officers attend Scarlet Alliance National Symposium in Brisbane.</p>	<p>PLA has stand at Sexpo, pursuant to its legislative function of raising in the community awareness of issues about prostitution.</p> <p>A/Executive Director of the PLA addresses the New South Wales Brothels Taskforce on the experience of regulating prostitution in Queensland, following an invitation from the Taskforce.</p>
April	May	June	
<p>Government responds to the Independent Review of Queensland Government Boards, Committees and Statutory Authorities, announcing that it had agreed to the recommendation that the status quo should be retained in respect of the PLA.</p>	<p>PLA approves revised and updated brothel licence conditions, following a period of industry consultation.</p> <p>PLA receives report from Anne Edwards on the regulation of prostitution in Queensland.</p> <p>Brothel licence granted to an applicant to operate a brothel in Toowoomba.</p> <p>New brothel, Temple of Pleasures, opens at Rocklea, Brisbane, bringing the total number of operational licensed brothels in the state to 24.</p>	<p>New brothel, Asian Star on Meadow, opens at Coopers Plains, Brisbane, bringing the total number of operational licensed brothels in the state to 25.</p> <p>Ms Margaret Isaac appointed as Executive Director of the Office of the Prostitution Licensing Authority.</p>	

Abbreviations

Authority	Prostitution Licensing Authority	PLA	Prostitution Licensing Authority
CMC	Crime and Misconduct Commission	QCAT	Queensland Civil and Administrative Tribunal
FAM	Finance and Administration Manual	QH	Queensland Health
ISSC	Information Security Steering Committee	QPS	Queensland Police Service
IT	Information Technology	QSA	Queensland State Archives
JAG	Department of Justice and Attorney-General	SLA	Service Level Agreement
PETF	Prostitution Enforcement Task Force (Queensland Police Service)	the Act	<i>Prostitution Act 1999</i>
PIM	Probity Investigation Manual		



Message from the Chair

It has been another busy and successful year for the Prostitution Licensing Authority, which continues to administer a regime that ensures only suitable persons may operate or manage a licensed brothel, promotes the health and safety of clients and sex workers, secures the autonomy of sex workers, and combats the involvement of corruption and organised crime in the licensed brothel industry.

Although the licensed brothel industry experienced a slight contraction in 2007-08, during the last year an additional two brothels have commenced operation, bringing the total number of operational brothels in the state to 25. Despite the economic downturn, not a single brothel in the state ceased operation, although the Authority is aware that a number of licensees are struggling financially. In addition, the PLA granted an individual a brothel licence to operate a brothel in Toowoomba which has not yet opened.

The community reaction to the development application for a brothel in Toowoomba demonstrated that prostitution remains a controversial and divisive issue, capable of arousing strong passions from detractors and supporters alike. Whilst community concern is understandable, it has been the experience of the Authority that at worst licensed brothels have a negligible impact on community amenity. The PLA's probity and compliance functions ensure that the state's licensed brothel industry is strictly regulated in the public interest. The Authority acknowledges that there will always be elements of the community that object to any form of legalised prostitution, but the Authority is firmly convinced that it is superior to the alternative of an underground and unregulated industry, which places sex workers at far greater risk of coercion, violence and unsafe sex.

This year, the PLA was captured by the Independent Review of Queensland Government Boards, Committees and Statutory Authorities, which could potentially have ended in a recommendation that it be abolished, subsumed into a government department, or merged with another entity. The Authority made two thorough and comprehensive submissions to the review, seeking to demonstrate the need for and on-going relevance of the

PLA. The Authority was pleased that this was accepted by the Independent Reviewers, who recommended the retention of the status quo. The Authority was equally pleased when the Government announced that it had accepted this recommendation.

In October 2008, the Government released its response to the recommendations of the Crime and Misconduct Commission report, *Regulating Outcall Prostitution: Should legal outcall prostitution services be extended to licensed brothels and independent escort agencies?* The Government accepted the recommendations of the CMC that the prohibition on outcalls from licensed brothels should be retained and that outcall prostitution services from escort agencies not be legalised. The PLA had advocated the introduction of outcalls and was disappointed that its arguments had not been sufficiently persuasive with the Government. The Authority had no interest in expanding prostitution in the state, but wanted a relaxation of the current restrictions on outcalls so that licensed brothels could more effectively compete with the still substantial illegal sector. The Government also announced measures that will support the licensed brothel industry by making it easier for police to target illegal operators and to secure convictions and the PLA welcomes those initiatives. The Authority also strongly supports those measures announced by the Government which will enhance the safety of sole operator sex workers.

In 2009-10, the Authority is determined to ensure the maintenance of a quality, effective and efficient brothel licensing regime that serves the public interest.

I place on record the PLA's appreciation of the support given to it by both the former Minister, the Hon Judy Spence MP, and the current Minister, the Hon Neil Roberts MP. We also recognise and value the assistance of various government agencies that 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.

Finally, I would be remiss if I did not acknowledge that to a large degree the achievements of the Authority are a result of the significant administrative and leadership abilities of the Executive Director, Ms Margaret Isaac, who has led the agency so ably for the last nine years. My appreciation also goes to the PLA staff for their ongoing dedication and committed professionalism.

Manus Boyce QC
Chair



Executive Director's Report

On 18 June 2009, I was extremely gratified to be appointed as Executive Director of the Office of the Prostitution Licensing Authority for a period of three years and I look forward to serving the PLA, the Minister, and the people of Queensland.

The Authority's ninth year of operation has passed swiftly and another busy year is immediately upon us. The year closes with 25 licensed brothels now operating in Queensland, equal to the highest number of brothels previously achieved in the state. The licensed industry continues to be characterised by quality, well appointed premises in which practices that enhance sexual health, the safety of sex workers and the avoidance of exploitation, are insisted upon. The PLA has a robust compliance program in place which includes the comprehensive annual audit of all licensed brothels as well as unannounced inspections.

This year, the Government announced its response to the recommendations of the Crime and Misconduct Commission report, *Regulating Outcall Prostitution: Should legal outcall prostitution services be extended to licensed brothels and independent escort agencies?* Following from this, in 2009-10, legislation will be introduced to amend the Prostitution Act 1999 to give the PLA the function of regulating social escort advertising. This will be done on the basis that some social escort agencies are fronts for illegal prostitution enterprises, and it will aim to reduce opportunities for advertising by illegal operators. It will involve a large component of new work for the Authority in terms of drafting of social escort advertising guidelines, industry consultation, and monitoring compliance.

The Criminal Code will also be amended to clarify that s. 229H of the Code does not apply to a person who takes a message from a sole operator sex worker about their current location or activity to ensure the safety of that sole operator. The PLA supports measures that enhance the safety of sole operator sex workers and considers that this is a sensible amendment, consistent with the needs and aspirations of sex workers. Violence is an acknowledged occupational hazard of sex work and like all members of the community, sex workers are entitled to a safe and healthy work environment.

My continued grateful thanks to those agencies, the Prostitution Enforcement Taskforce of the Queensland Police Service and Queensland Health in particular, for the valuable contribution they make to the work we do. They have continued to provide invaluable advice and support to myself, PLA staff and the Board. In 2009-10, the Authority continues to be well placed to execute its statutory role in a way which accords with community expectations and legislative requirements.

I cannot finish the year without mentioning my hard working colleagues. Thank you for your support, your tireless contribution and engagement, which have assisted in the improvement of performance within your jobs for the benefit of the PLA.

Margaret Isaac
Executive Director



Our Mission

To ensure that licensed brothels and prostitution advertising are regulated in accordance with legislative requirements and in the community interest.

Our Values

Respect

Integrity

Health and safety

Impartiality

The PLA will strive to:

- be open, honest and supportive in dealing with staff and clients
- promote a culture of quality service
- have respect for internal and external clients and be responsive to industry issues in our decision-making processes
- promote an environment characterised by knowledge culture and continuous improvements
- encourage and value diversity.

Our Operating Principles

The PLA acts in the public interest.

The PLA is committed to assisting in the prevention of 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 *Prostitution Act 1999*.

Reporting Structure and Organisation

The *Prostitution Act 1999* establishes the Office of the PLA, consisting of the Executive Director and the staff of the office. It is the role of the office to assist the PLA in the performance of its functions. The Executive Director is appointed by the Governor-in-Council. On 18 June 2009, Ms Margaret Isaac was appointed to the position for a period of three years. Ms Isaac had been acting in that position since August 2007, when her position of Registrar was abolished by legislative amendment. Ms Isaac had been Registrar since the inception of that position in July 2000. In addition to the Executive Director, at the end of 2008-09 there were five full-time officers employed under the *Public Service Act 1996*. There was one part-time employee. There were three vacant positions. Staff of the office are managed by the Executive Director, who in turn reports to the PLA. The PLA reports to the Minister for Police, Corrective Services and Emergency Services and to 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 PLA was established by the Prostitution Act and officially began operation on 1 July 2000 when the Act became law in Queensland. The Act prescribes the Authority's membership, consisting of eight members, including:

- 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 health practitioner, with at least five years experience in the profession
- 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 person who represents local government
- two persons who, in the Minister's opinion, are qualified to represent community interests.

Role of the PLA

The primary role of the PLA is to decide applications for brothel licences and approved manager's certificates. In addition, the PLA is responsible for:

- monitoring the provision of prostitution through licensed brothels
 - 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 and other agencies to carry out their functions in relation to prostitution
 - 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
 - raising in sex workers, judicial officers, police, community workers and the community, awareness of issues about prostitution



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Current Membership

The current members¹ of the PLA were appointed by the Governor-in-Council for a period of three years from 4 May 2008.

01 Mr Manus Boyce QC, Chair

Mr Manus 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 has been appointed to the PLA for a period of three years until 3 May 2011.

02 Dr Diane Rowling

Dr Diane Rowling is a Public Health and Sexual Health Physician. She is currently a Senior Medical Officer with the Brisbane Sexual Health and HIV 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 health practitioner who has at least five years' experience in her profession, as per legislative requirements. Dr Rowling has been appointed to the PLA for a period of three years until 3 May 2011.

03 Assistant Commissioner Peter Barron

Assistant Commissioner Peter Barron was sworn in as a police officer in 1972. His early service was in north-west Queensland. He commenced in the Criminal Investigation Branch in 1978 and rose through the ranks from Constable to Detective Chief Superintendent. During this time he served in a diversity of roles, including officer in charge of the State's Homicide Squad and Fraud Squad. Also, during this time he served as a Detective Superintendent at the Criminal Justice Commission for three years. In early 2003 he was promoted to Chief Superintendent, State Crime Operations Command. In the latter part of 2004 he was promoted to Assistant Commissioner and transferred to the Far Northern Police Region. On 4 December 2006 he took up the position of Assistant Commissioner, Metropolitan North Region in Brisbane. The Assistant Commissioner holds tertiary qualifications including a Master of Public Policy and Administration and a Bachelor of Business. He has successfully completed the Police Executive Leadership Program at the Australian Institute of Police Management. He completed studies at the FBI National Academy at Quantico, Virginia. Assistant Commissioner Barron has been appointed to the PLA for a period of three years until 3 May 2011.

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



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04 Ms Ann Bennison

Ms Ann Bennison OAM has a Bachelor of Arts degree and is a Fellow of the Australian Institute of Company Directors. Ms Bennison is the Business Development and Stakeholder Engagement Manager for Ranbury Management Group, a Brisbane based project management company and she also serves as a board member on the Queensland Affordable Housing Consortium, a company established to facilitate the uptake of National Rental Affordability Scheme funds in Queensland. Ms Bennison served on Brisbane City Council representing Enoggera Ward from 1994 to 2008. During her terms of office, she served as a senior executive member of the Local Government Association of Queensland, and fulfilled the responsibilities of Senior Vice President and Treasurer. Ms Bennison's previous careers were in finance and industrial relations. Ms Bennison is appointed to the PLA as a person who understands and represents local government, in accordance with legislative requirements. Ms Bennison has been appointed to the PLA for a period of three years until 3 May 2011.

05 Mr John Callanan

Mr John Callanan holds Bachelor of Arts and Bachelor of Laws (Hons) degrees from the University of Queensland. He is currently the Assistant Commissioner, Crime, of the CMC, where since 1998 he has engaged in high level law enforcement and legal activity. Mr Callanan was admitted as a barrister in 1977 and had extensive prosecution experience in serious crime until 1988. From then until 1994 he was Counsel Assisting in the Fitzgerald Inquiry and then senior prosecutor with the Fitzgerald Inquiry

Prosecutions Taskforce and the Office of the Special Prosecutor. From 1994 to 1998 he was engaged in private practice prosecuting and defending in criminal matters. Mr Callanan was appointed to the PLA by virtue of being the Assistant Commissioner, Crime, at the CMC, pursuant to legislative requirements. He has been appointed to the PLA for a period of three years until 3 May 2011.

06 Ms Annette Murphy

Ms Annette Murphy is a registered nurse, retired, and worked in the area of child protection for 22 years. She was a recipient of the Queensland Child Protection Award – Professional Category – in recognition of her contribution to child protection in 1988. Ms Murphy was awarded a Churchill Fellowship in 2002 to examine the role of registered nurses in child protection in the USA, UK, Sweden and Denmark. She was the coordinator of the Mater Hospital Child Protection Unit from 1989-2005 and from August 2005 to June 2007 was the Acting Manager, Suspected Child Abuse and Neglect Team Support and Development Unit in the Department of Child Safety. She has been appointed to the PLA as a community representative, as required by legislation. Ms Murphy has been appointed to the PLA for a period of three years until 3 May 2011.

07 Mr Lance Pollard

Mr Lance 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. He has been appointed to the PLA for a period of three years until 3 May 2011.

o8 Ms Wendy Edmond

Ms Edmond was a Member of the Queensland Legislative Assembly, representing the electorate of Mount Coot-tha from 1989 to 2004. She served as Minister for Health for almost six years and was previously Minister for Employment and Training. 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, Ms Edmond worked as a health professional in nuclear medicine and radiation therapy in New York, Montreal, Edinburgh, Copenhagen, Adelaide, Melbourne and Brisbane. She has been appointed to the PLA as a community representative, as required by legislation. Ms Edmond has been appointed to the PLA for a period of three years until 3 May 2011.

Meetings and Special Meetings

The PLA held 11 ordinary meetings in 2008-09. Two special meetings were also held.

■ **Table 1:** Attendance at ordinary meetings of the PLA

Name	Number attended
M. Boyce (Chair)	11
P. Barron	10
J. Callanan	8
A. Bennison	9
A. Murphy	11
L. Pollard	8
D. Rowling	8
W. Edmond	9

■ **Table 2:** Attendance at special meetings of the PLA

Name	Number attended
M. Boyce (Chair)	2
P. Barron	2
J. Callanan	2
A. Bennison	2
A. Murphy	2
L. Pollard	2
D. Rowling	2
W. Edmond	1

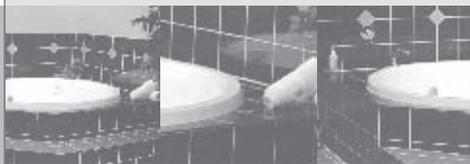
Remuneration

The chair and members of the PLA were collectively paid \$47,712 during 2008-09, as determined by the Governor-in-Council. In addition to the Board meetings, the Chair has attended meetings on a further 23 occasions. He does not receive additional remuneration for attending these meetings.



Our Performance





Our Performance

Financial Performance Summary

Income Statement

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

Revenues of the Authority are sourced primarily from fees for brothel licences and managers' certificates. The other major source of funds includes a Government grant received through an administered appropriation from the QPS. The growth in fees revenue was mainly due to the increase in the number of legal brothels, from the previous year.

Balance Sheet

The Balance Sheet measures the value of assets, liabilities and equity of the Authority as at 30 June 2009.

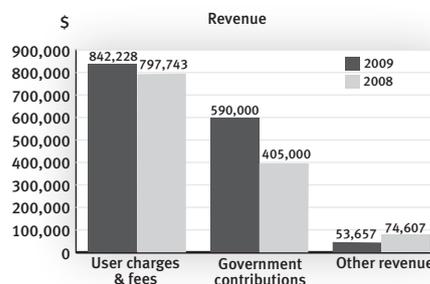
Our equity has increased as a result of the increase in cash assets and a reduction in current liabilities.

Cash Flow Statement

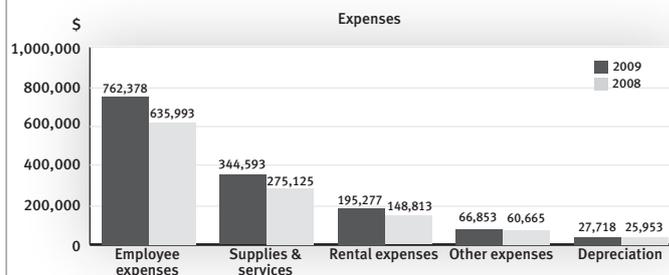
The Cash Flow Statement measures the inflows and outflows of cash through the year, and classifies those transactions into either operating or investing activities.

Cash flow in the Authority is generated primarily from operating activities, where the significant in-flows include revenue from fees for brothel licences and managers' certificates and revenue from a Government grant. 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 \$952,994 at 30 June 2008 to \$1,018,405 at 30 June 2009.

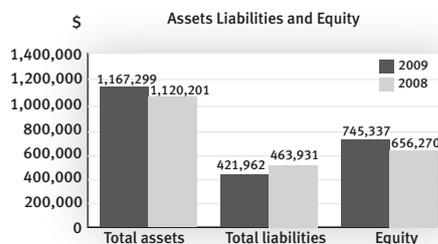
■ Figure 2



■ Figure 3



■ Figure 4



Key Performance Measures

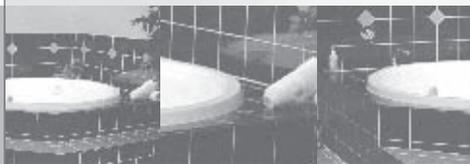
The PLA has established a number of key performance measures to benchmark its corporate performance. We reported these measures to the public and to the parliament through the state budget process. The following table shows our key performance indicators, the expectations we had about our performance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

■ Table 3: Key performance measures, 2008-09

Measures	What we said we would achieve	What we achieved	Notes
1. Number of licensed brothel premises operating	24	25	1
2. Number of brothel and certificate applications investigated	195	150	2
3. Number of brothel and certificate applications decided	206	142	2
4. Percentage of complaints resolved	>91%	94%	3
5. Number of compliance activities conducted	205	205	
6. Number of licensed brothels implementing best practice standards	24	25	4
7. Number of brothels requiring three-monthly health certificates	24	25	5
8. Applications processed within PLA and forwarded to QPS within 20 business days	95%	95%	
9. Complaints to the PLA resolved within 20 business days	95%	94%	6

Notes:

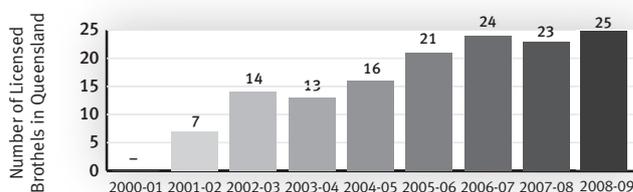
- In 2008-09, a brothel licence was granted to one individual in respect of a brothel which did not commence operations during the year.
- Includes new applications, renewals and annual returns. The variance between 'what we said we would achieve' and 'what we achieved' is mainly due to the reduction in approved manager's certificate applications. The reasons for this are threefold. Firstly, the move from one-year certificates to three-year certificates requires certificate holders to lodge annual return forms every 12 months. Failure to lodge on time means that some forms are not receipted in the relevant year. Secondly, a significant increase in fees (doubled to \$800) has resulted in less applications being made for certificates. Thirdly, delays in obtaining development approval for proposed (new) brothel sites has delayed individuals making application to the PLA for licences and certificates.
- This indicator refers to the proportion of complaints received in the reporting year that are resolved within the reporting year.
- All licensed brothels implement best practice standards.
- It is a licence condition that all brothels require three-monthly health certificates.
- This indicator refers to the proportion of resolved complaints that are resolved within 20 working days.



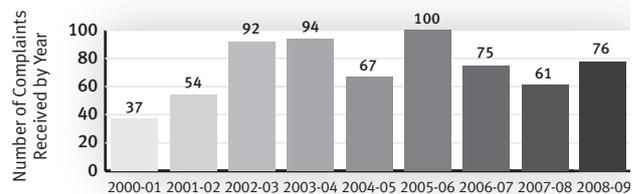
Statistical Highlights in 2008-09

- 25 licensed brothels operating in Queensland, compared to 23 the previous year.
- 150 licence and certificate applications were investigated and 142 were decided.
- 37 police entries made to 17 licensed brothels (table 11).
- 76 complaints relating to prostitution were received, compared to 61 complaints in 2007-08. There have been no complaints in respect of licensed brothel impact on community amenity in the nine year history of the PLA.
- 205 compliance activities, resulting in 84 corrective actions and 91 recommendations made for improvements to brothel operations (table 9).

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



■ Figure 6: Number of complaints received by year





The Environment in Which We Operate





The Environment in Which We Operate

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

- ensuring quality of life for local communities
- safeguarding against corruption and organised crime
- addressing social factors that 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.

In 2008-09, the licensed brothel industry experienced modest growth, reaching 25 brothels operating throughout the state. This is equal to its previous peak, experienced for just a month in January 2008. The year 2007-08 ended with 23 operating brothels. During 2008-09, two new brothels opened in Brisbane. In May, Temple of Pleasures opened at Rocklea. In June, Asian Star on Meadow opened at Coopers Plains. In May, the PLA also granted a brothel licence to a person to operate a brothel in Toowoomba, but that brothel did not commence operations in 2008-09. Unlike the previous year, when two brothels ceased operation, no licensed brothels closed during the year. This was a good outcome, considering the global financial crisis and its impact on demand for services. Nonetheless, the Authority is aware that a number of brothels throughout the state are experiencing genuine financial stress, to varying degrees. The impact this will have in 2009-10 remains to be seen.

In March 2008, the Premier, the Hon Anna Bligh MP, announced an Independent Review of Government Boards, Committees and Statutory Authorities, which commenced in July 2008. The review was conducted

by Ms Simone Webbe and Professor Patrick Weller. The aim of the review was to:

- reduce bureaucracy and unnecessary red tape
- improve the overall efficiency of government bodies
- maintain the integrity and security of necessary regulatory functions.

As a statutory authority, the PLA was in the scope of this review. The PLA made two thorough and comprehensive submissions to the review, seeking to demonstrate the need for and on-going relevance of the Authority. In March 2009, the review culminated in a Part B Report, which made recommendations in respect of those government bodies that are necessary, those that can be abolished, or have their functions subsumed into a department, or those that could be merged with another entity. Recommendation 143 of the Part B Report was that the status quo should be retained in respect of the PLA. In particular, the report stated that:

The Reviewers received two focused and comprehensive public submissions (C19 and S5) from this body to assist them greatly in their considerations. The Reviewers agree that the Threshold Test is satisfied and the Public Interest Case is well made for the body's independence from a department and its capacity for cross-portfolio reach of issues.

The statutory body form with an independent governing board is essential to meet the priority (functional and environmental) objectives for independence, good judgement, and probity. High standards of governance are in place to frame the Prostitution Licensing Authority's operations and its achievement of outcomes, as evidenced for example by the positive Crime Misconduct Commission Report in 2004. (pp. 147-148)

In April 2009, the Government announced its response to the recommendations of the Part B Report. The PLA was very pleased that the Government had accepted recommendation 143 of the Independent Reviewers that the status quo in respect of the PLA should remain.

On 13 October 2008, the Government released its response to the 23 recommendations of the CMC report, *Regulating Outcall Prostitution: Should legal outcall prostitution services be extended to licensed brothels and independent escort agencies?* The Government announced that it supported all 23 of the CMC's recommendations. The PLA had previously supplied the Government with a considered response to each of those recommendations. The Authority had argued strongly for outcalls and was disappointed that the Government supported the CMC recommendation against the legalisation of outcall prostitution from licensed brothels and independent escort agencies. The PLA had no interest in increasing the scope for prostitution in the state, but saw outcalls as an opportunity to increase the market share of the legal industry at the expense of illegal operators, thereby subjecting a larger segment of the industry to the benefits of regulation. The Authority acknowledges that this is a policy matter for the Government, and that it is for the sex industry, including licensed brothel operators, to convince the Government of the merits of outcalls.

As part of its response to the CMC recommendations, the Government also announced that it would amend the Criminal Code to create a new offence of 'carrying on the business of prostitution' and that the assets of persons involved in illegal prostitution would be able to be seized. In order to support the licensed prostitution industry and to facilitate safe working environments for sex workers, the PLA welcomes

the introduction, and strengthening of measures that combat illegal prostitution. It is acknowledged that a substantial illegal and therefore unregulated prostitution sector exists in all states, including Queensland. What is not widely understood is the impact the illegal sector has on the legal prostitution industry. Brothel licence holders pay fees of almost \$28,000 per annum to operate a strictly regulated business. These fees facilitate licensing and regulatory controls to ensure that brothels are managed to the highest and safest standards possible. The existence of an illegal and unregulated industry means that licensed brothel operators must compete against illegal operators, who do not have to contend with the same business restrictions or regulatory framework. To the extent that the new laws will make it easier for police to target illegal operators and to secure convictions, it will benefit the licensed brothel industry.

In addition, the PLA supports measures that will enhance the safety of sole operator sex workers. Violence is an acknowledged occupational hazard of sex work and like all members of the community, sex workers are entitled to a safe and healthy work environment. Clarifying that s. 229H of the Criminal Code does not apply to a person who takes a message from a sole operator sex worker about their current location or activity to ensure the safety of that sole operator is sensible and consistent with the needs and aspirations of sex workers.

Another element of the Government's response to the CMC recommendations will be to amend the Prostitution Act to give the PLA the function of regulating social escort advertising, on the basis that social escort agencies may act as fronts for illegal prostitution enterprises. The PLA is a small agency and



this new function will have resource implications for the Authority.

Whilst it has been the PLA's experience that most licensed brothels in Queensland are greeted with little fanfare or attention from the community, this year the development application for a brothel in Toowoomba demonstrated that prostitution continues to be a morally and ethically charged issue. Sectors of the community were active in agitating against any moves to establish a licensed brothel in the city. Whilst it is acknowledged that prostitution is a sensitive issue, the decision to legalise and regulate it is ultimately a pragmatic one, made in the context of the impossibility of stopping the practice, with the overall objective of limiting its impact on the community and addressing its more unpalatable aspects and focused on the principle of harm minimisation. It is worth recalling that in the nine years of operation of the PLA there has not been a single complaint in respect of the impact of any licensed brothel on community amenity. In establishing the licensed brothel regime, the Government has sought to reflect the reality of prostitution as a continuing social issue and to reflect community expectations about how prostitution should be handled. Whilst there is unlikely to ever be complete consensus on the proper response to prostitution, the PLA is firmly of the view that there can be no going back from the licensed brothel regime and that it is in the public interest. It is infinitely superior to the alternative of an underground and unregulated industry, which places sex workers at far greater risk of coercion, violence and unsafe sex.

By and large, the Queensland community accepts a strictly regulated industry, which has high guarantees of health and safety for sex workers and clients alike. The obligations and restrictions placed on the licensed sex industry are generally well regarded and accepted as a reasonable and pragmatic trade off for permitting legalised prostitution in the state.



Our Corporate Governance Framework





Our Corporate Governance Framework

Appointment of PLA Members

PLA members are appointed by the Governor-in-Council, pursuant to the Prostitution Act, for a period of not more than five years. A person is disqualified from being or 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

The PLA has developed its Strategic Plan for 2007-12 in compliance with the *Financial Management Standard 1997* and presented the Plan to the Minister for Police, Corrective Services and Emergency Services, the Hon Neil Roberts MP, for his consideration. The Strategic Plan and associated documents are reviewed and updated annually. The following documents were 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 liaison 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 in 2008-09. Pursuant to legislative requirements, all staff were involved in the review of the Code of Conduct. All staff have access to the code on their desktop and have received training on ethics and misconduct.

An ongoing review of the FAM was completed during 2008-09 and will continue into 2009-10. As the need arose throughout the year, relevant briefings on FAM procedures were provided to all PLA officers at 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. The PIM was reviewed and updated 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 2008-09.

Risk Management

Under the former Protective Security Manual, the PLA established an Information Security Steering Committee (ISSC). After reviewing that 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 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 Executive Director.

In consideration of the fact that the PLA is a small agency, the FAM requires that risks to the Authority's operations are identified and assessed at least every two years. The last risk assessment occurred in early 2008. It 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.

The review concluded that existing controls and mitigating factors are adequate to address the identified risks to the operations of the Authority. There have been no incidents or breaches in the intervening period and accordingly a further risk assessment has not been warranted.

Freedom of Information and Privacy Legislation

Freedom of Information

Section 137 of the Prostitution 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 2008-09.



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. The Privacy Plan is reviewed and updated regularly.

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.

In 2008-09, we undertook our triennial systems appraisal with the objective of identifying specific

risks to the PLA, evaluating the degree of risk for each system/process, identifying current controls and implementing appropriate control improvements to minimise the risk. The systems appraisal was completed in consultation with relevant PLA staff with the following systems reviewed:

- application processing
- monitoring and compliance
- internal processes
- reporting
- complaints handling
- finance.

The results of the systems appraisal were provided to the Executive Director for consideration and approval. The PLA implemented appropriate control measures for relevant risks. The next systems appraisal is to be completed in 2011-12.

Records Management

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

During 2008-09, in collaboration with Queensland State Archives, the PLA has been working towards compliance with a Retention and Disposal Schedule.



Our Business



Our Business

Brothel Licensing

The number of operational brothels in Queensland increased to 25 in 2008-09 (table 6). During the year, 37 brothel licence applications and annual return licences were received, comprising five new applications and 32 annual returns² (table 4). There were three new brothel applications granted for businesses that were sold during the year. In the same period, 113 approved manager's certificate applications and annual return certificates were received, comprising 28 new applications and 85 annual returns. Of the new applications received, 20 were granted, seven are being investigated and one has withdrawn.

Applicants for brothel licences and approved manager's certificates, as well as their associates, undergo an intensive probity process to ensure that they are a fit and proper person to be granted a licence or certificate. The aim of this is to ensure that organised crime and official corruption do not become a feature of the licensed brothel industry.

Since the commencement of the licensed brothel regime, the PLA has received a total of 245 brothel licence applications and annual return licences comprising 126 new applications, 85 renewal applications and 34 annual return licences (table 5). Of the new applications, 98 were granted and 28 withdrawn. Of the renewal applications, 82 have been approved, two withdrawn and one has been cancelled. Since the licensed brothel regime commenced, the PLA has received 713 approved manager's certificate applications and annual return certificates, comprising 442 new applications, 180 renewal applications and 91 annual return certificates (table 5). Of the new

² Brothels may be owned by more than one individual. Each of those individuals must hold a licence. The number of brothel licences therefore exceeds the number of licensed brothels.

applications, 382 were granted, 50 withdrawn, one refused, two were ineligible and seven are under current investigation. Of the renewal applications, 174 have been granted and six have been withdrawn.

■ **Table 4:** Applications received 2008-09

	Brothel licences	Approved manager's certificates
New applications	5	28
Annual returns	32	85
Renewal applications	-	-
Total	37	113

■ **Table 5:** Applications received since the commencement of the licensed brothel regime

	Brothel licences	Approved manager's certificates
New applications	126	442
Renewal applications	85	180
Annual returns	34	91
Total	245	713

Table 6: Licensed brothels in Queensland

Address	Name of Brothel	Date Opened	Telephone Contact
Brisbane City Council			
476 Boundary Rd, Archerfield	Yimi 476	24.08.05	3277 7318
180 Abbotsford Rd, Bowen Hills	Montecito	30.02.06	3852 2057
175 Abbotsford Rd, Bowen Hills	Purely Blue	17.08.01	3854 0366
1/32 Meadow Ave, Coopers Plains	Asian Star on Meadow	12.06.09	3216 7222
120 Robinson Rd, Geebung	Miso Honey	02.05.02	3865 6066
83 Randolph St, Rocklea	Temple of Pleasures	15.05.09	3875 2088
61 Spine St, Sumner Park	The Oasis at Sumner Park	13.11.04	3715 5166
12 Nile St, Woolloongabba	Cleo's on Nile	22.10.05	3393 1678
88 Logan Rd, Woolloongabba	88 on Logan	13.06.03	3891 1198
945 Fairfield Rd, Yeerongpilly	The Viper Room	17.05.02	3392 7070
Moreton Bay Regional Council			
22 Brewer St, Clontarf	Intimate Encounters	20.08.03	3283 6111
Gold Coast City Council			
12 Greg Chappell Dr, Burleigh Heads	Bliss at Burleigh	09.03.02	5522 1400
44 Upton St, Bundall	Silks on Upton	12.03.02	5538 2088
37 Upton St, Bundall	Utopia in Paradise	01.07.06	5539 0224
29 Expansion St, Molendinar	Paradise 29	02.09.05	5564 5599
30 Jade Dr, Nerang	Pentagon Grand	12.04.02	5597 0777
Logan City Council			
26 Magnesium Dr, Crestmead	Club 26	19.11.05	3803 1000
Sunshine Coast Regional Council			
14 Avian St, Kunda Park	Scarlet Harem	13.12.02	5476 5044
13 Cessna St, Marcoola	Intrigue of Marcoola	14.02.03	5450 7577
Mackay Regional Council			
39 Enterprise St, Paget	Club 7 on Enterprise	08.07.02	4952 6767
Townsville City Council			
13 Carmel St, Garbutt	Bluebirds on Carmel	01.10.03	4779 9555
17 Hugh Ryan Dr, Garbutt	Australian Maid	01.07.02	4725 5888
Cairns Regional Council			
11 Cava Cl, Bungalow	Northern Belle	29.12.06	4033 5955
7 Owen Cl, Portsmith	Forbidden Apple	21.05.07	4041 3552
Mount Isa City Council			
14 Traders Way Mt Isa	My Room	02.01.08	4743 3498



Development Approval

In Queensland the location of brothels is a matter for local government, subject to the provisions of the Prostitution 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 2008-09 there were 53 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 (table 7). In excess of half of all applications were approved.

There are eight premises in Queensland for which local government authorities have granted development approval for a brothel, but which do not currently have an operational brothel and for which the PLA did not receive a brothel licence application in 2008-09 (table 8).

Table 7: Development approval applications for brothel premises

Local authority	Approved	Refused	Withdrawn/ lapsed	Pending	TOTAL
Brisbane	12	3	2	-	17
Gold Coast	5	2	3	-	10
Townsville	3	-	1	-	4
Cairns	3	1	3	-	7
Logan	2	-	1	-	3
Sunshine Coast	2	-	1	-	3
Redland	1	-	-	-	1
Toowoomba	1	2	-	-	3
Moreton Bay	1	-	-	-	1
Rockhampton	1	-	-	-	1
Mackay	1	-	-	-	1
Gladstone	1	-	-	-	1
Mount Isa	1	-	-	-	1
TOTAL	34	8	11	0	53

Table 8: Council approved premises on which there is not an operational brothel and for which the PLA did not receive a brothel licence application in 2008-09

Local authority	Address	Local authority	Address
Brisbane	1/9 Alton Street, Coopers Plains	Rockhampton	17 Bush Crescent, Parkhurst
Brisbane	1094 Kingsford Smith Drive, Eagle Farm	Townsville	28 Leyland Street, Garbutt
Logan	3509 Pacific Highway, Slacks Creek	Cairns	5 Southgate Close, Woree
Redland	10/68 Redland Bay Rd, Capalaba	Gladstone	48 Callemondah Drive, Gladstone



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. Mr Stephen Keim has been the Independent Assessor since the inception of the statutory role. In June 2009, Mr Keim was advised that, in accordance with s. 64B of the Prostitution Act, he had been reappointed as Independent Assessor. The appointment is for the period 23 July 2009 to the first occurring of the following dates:

- the date on which the functions of the Independent Assessor are transferred to the proposed Queensland Civil and Administrative Tribunal (QCAT); or
- 22 July 2010.

In 2008-09, no appeals were lodged with, considered, or decided by the Independent Assessor.

The Tribunals Review Independent Panel of Experts considered the inclusion of the Independent Assessor in the proposed new QCAT. In June 2008, the panel recommended that the jurisdiction of the Independent Assessor be subsumed into QCAT and cabinet subsequently agreed to that recommendation. The new tribunal is slated to commence operation on 1 December 2009. Accordingly, the Office of the Independent Assessor will cease to exist at that time. In the interim, a team from the Department of Justice and Attorney-General is responsible for implementation of the arrangements. They have requested a range of information, which the Executive Director of the PLA has supplied in her capacity as Registrar to the Independent Assessor.



Mr Stephen Keim SC

Mr Stephen Keim has been a legal practitioner for just on 30 years. He was admitted as a solicitor in 1978 and called to the Bar in 1985. He was appointed a Senior Counsel for the State of Queensland in 2004. Mr Keim has carried out a number of public offices having been President of the Legal Aid Commission, a member of the Anti-Discrimination Commission, and he remains a member of the Land Court. He is currently a member of the Council of the Queensland University of Technology.

Exempt Towns

Under the Act, for land in a town with a population of less than 25,000, the local government for the area may make an application to the Minister for Police requiring that all development applications for brothels within the area be refused. The agreement of the Minister is required. 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 that may refuse an application for development approval for a brothel).

Monitoring and Compliance

The Compliance Program

The PLA is committed to ensuring a safe and healthy licensed brothel industry. In accordance with its regulatory function, the Authority has implemented a compliance program to monitor, review and make recommendations on the operational standards of licensed brothels in Queensland. This is achieved through a number of strategies which include:

- provision of advice and guidance to brothel licence applicants with respect to development of policies, procedures and operational standards
- ongoing monitoring of existing licensed brothels operations
- 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, in accordance with Government legislation, and licence and certificate conditions.

The legislative framework for compliance standards includes the Prostitution 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, such as Queensland Health and the Department of Justice and Attorney-General (JAG), ensures a whole-of-government approach for monitoring of the licensed industry. The compliance unit continues to liaise on a range of issues with key stakeholders including the JAG, QH and PETF.

The PLA compliance program is primarily articulated through the audit and inspection of licensed brothels.

These onsite activities include the examination of basic financial records, review of policies and procedures, assessment of facilities and security arrangements within the brothel, the examination of brothel records and the conduct of interviews with staff and sex workers. Auditing is characterised by a number of principles 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 2008-09, PLA compliance officers undertook 205 compliance activities. As a result of audits and inspections throughout the year, there were 84 corrective actions required and 91 recommendations made for improvements to brothel operations (table 9). Given the generally high level of compliance, the PLA has not had to impose any penalty on brothel licensees or approved managers.

This year, there was a marked increase in the number of brothels specialising in Asian sex workers (increasing from one to four). The PLA is aware that there is an associated risk of people trafficking for the purposes of sexual servitude. In conjunction with officers from the Department of Immigration and Citizenship and the Prostitution Enforcement Taskforce of the Queensland Police Service, the PLA compliance unit undertook an unannounced inspection of one of these brothels. No evidence of sexual servitude or foreign nationals working illegally was revealed. More generally, compliance officers are always on the look out for any signs of sexual servitude when conducting audits and inspections of licensed brothels. There has not been a single instance of sexual servitude in a licensed brothel in the nine year history of the Authority.



■ . Table 9: PLA compliance activities 2008-09

Number of compliance activities	205
Number of required corrective actions	84
Number of recommendations for improvements to brothel operations	91

The compliance unit is also responsible for media surveillance operations, the management of complaints, maintenance of the complaints database 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.

In 2008-09, the compliance unit reviewed and updated the brothel licence conditions, following consultation with the licensed brothel industry. It also continued to review and update the *Approved Manager's Handbook*, a resource to familiarise managers with their responsibilities, the expectations of the PLA, and to assist them in the performance of their duties. It is expected that this resource will be published later in 2009.

Table 10: 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 principles 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 safe 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 autonomy in relation to seeing clients
	Provision of prophylactics	Management of brothels support promotion of public health safe 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



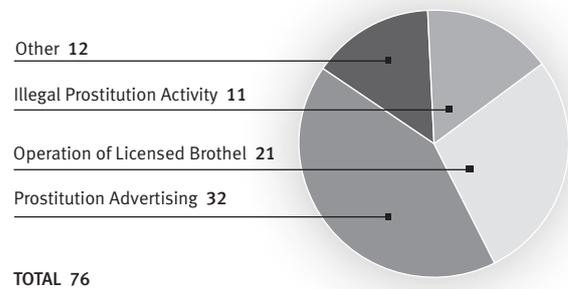
Complaints

During 2008-09, the PLA received 76 complaints relating to prostitution issues. The majority of complaints were about suspected illegal prostitution activities (figure 4). In respect of amenity, the PLA has not received any complaints from the public about operating brothels.

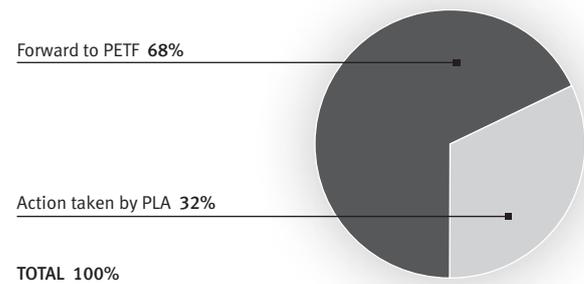
Complaints were resolved either by the PLA itself or by referral to PETF for investigation

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

■ Figure 7: Number and Type of Complaints



■ Figure 8: Resolution of Complaints



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 37 police entries to 17 licensed brothels, detailed below. The police may enter brothels for a variety of reasons:

- accompanying officers of the PLA or other government agencies
- in response to an incident
- to investigate complaints
- for any other legitimate matter.

■ **Table 11:** Police entries to licensed brothels

Brothel	Number of visits
88 on Logan	4
Cleo's on Nile	2
Club 26	1
Club 7 on Enterprise	1
Forbidden Apple	3
Miso Honey	2
Intrigue of Marcoola	2
Montecito	1
Northern Belle	1
Paradise 29	1
Pentagon Grand	4
Scarlet Harem	1
Silks on Upton	1
Oasis at Sumner Park	4
The Viper Room	3
Utopia in Paradise	4
Yimi 476	2
TOTAL	37

Note: These figures reflect the number of visits reported to the PLA at the time of writing. Actual visits may be higher.

Advertising of prostitution

In order to limit the impact of prostitution on the community, advertisements for prostitution in Queensland are strictly regulated. Advertisements must be in an approved form and may not:

- describe the services offered
- be published through radio or television, or by film or video recording
- state directly or indirectly, that the person's business provides or is connected with massage services or
- be worded such that the advertisement might induce a person to seek employment as a sex worker.

Until 30 May 2008, licensed brothels and sole operator sex workers were required to seek approval from the PLA for all proposed prostitution advertising. As a result of legislative amendment, Advertising Guidelines came into effect enabling the industry to self-assess advertisements for prostitution against the approved form. The Guidelines apply to:

- general print publications, including newspapers, magazines and tourist publications
- adult publications
- print directories
- business cards
- flyers, brochures, posters and coasters
- internet advertising
- merchandising, gift vouchers, corporate gifts and other promotional signage.

The Guidelines have resulted in a simpler, more efficient and streamlined advertising approval process, which in the vast majority of cases circumvents the need to submit advertisements



to the PLA for approval. The PLA has gone from approving thousands of advertisements each year to just a handful in 2008-09. The Guidelines have been welcomed by the sex industry and publishers alike.

In response to complaints about advertising, the Authority developed an Advertising Surveillance Program in 2003. The PLA compliance unit examines a sample of approximately 500 print media advertisements per month. This program provides an opportunity for the PLA to communicate with advertisers and publishers in respect of the requirements of the Guidelines. Where appropriate, the PLA refers suspected advertising breaches to the Prostitution Enforcement Taskforce of the Queensland Police Service for investigation.

Since the inception of the surveillance program, with its strong emphasis on the proactive provision of information on the requirements of the Act, the advertising surveillance results have indicated a 95% improvement in print media advertising compliance.

Significantly, advertising complaints have not increased since the inception of the Advertising Guidelines.

Future Developments for the Compliance Program

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

Continue to progress the updating of the *Approved Manager's Handbook*.

Implement a new resource for licence applicants to assist them to better understand their obligations and establish high standard brothel operational systems.

Review of major resources, such as the *Guidelines for the Operations of Licensed Brothels in Queensland*.

Annual review of brothel licence conditions.

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 and emails are responded to and officers of the PLA are committed to providing an effective level of customer service.

During the year, the PLA reviewed its fact sheet series. These fact sheets have been posted on the PLA's website, were distributed to licensed brothels, were provided as handouts at Sexpo, sent to national sex worker organisations in Australia and New Zealand, and are available on request from the PLA's office.

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. Invitations to community functions are assessed on a case by case basis. To date we have responded to a small number of invitations from community groups to speak about prostitution and brothel licensing. For example, this year an officer of the PLA addressed a Brisbane Rotary club about the work of the Authority, the licensed brothel industry and the sex industry more broadly.

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 public on an ongoing basis. The website contains a wealth of information relating to the PLA and the sex industry and is continuously updated. 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*, the *Handbook for Approved Manager's*, and the Advertising Guidelines. The website also contains links to other sites that may be of interest to both the industry and the public.

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 our work, brothel



licensing, the legal framework for prostitution in Queensland, and sexual health. This year, the PLA also distributed information on sexually transmissible infections and safer sex from Queensland Health. Sexpo is an annual health, sexuality and lifestyle exhibition which is open to members of the public aged over 18 years. This year, it was held from 26 February to 1 March 2009. PLA participation at Sexpo provides a valuable opportunity to distribute information to the general public about the Authority and its activities in an appropriately adult-only forum.

There continued to be a high level of interest in the work of the PLA and it provided a good opportunity to answer queries, and give advice and information to members of the public and workers in the industry.

To assist staff to engage in public education activities, we use a multimedia presentation about the PLA and its activities. In 2008-09, the PLA commenced work on revamping the presentation and it is expected that this will conclude in the latter half of 2009.

Communicating with the Sex Industry

In Touch, the Authority's newsletter, was originally developed because, while we had contact and liaison with brothel licensees and approved managers through the compliance unit and through the application process, our communication with sex workers and the wider sex industry generally needed improvement. The publication is distributed to all licensed brothels for the general interest of workers in the industry, in addition to a wide and extensive range of other industry stakeholders. *In Touch* has included articles on the role of other government agencies, pertinent health related information, reminders about obligations and responsibilities under the Act and items considered of interest to sex workers.

Licensees and approved managers were sent a range of information throughout the year, including in respect of their obligations and responsibilities and the standards expected of them by the PLA. They were also made aware of the results of an exit survey of approved managers, which included some relevant suggestions from the Authority.

The PLA previously met with licensees every 12 months as they applied for their licences. This was an ideal opportunity for licensees to provide feedback to the PLA and to raise any issues pertinent to their operations. This is no longer possible with the advent of three-year licences. Accordingly, the Chair of the Authority has repeatedly informed licensees and managers that he is available to meet with them on request, and that they are also able to request to address members of the PLA at its monthly meetings, to talk about any issues of concern, such as in respect of their brothel operations, the licensed industry more generally, or their treatment by the PLA. In June 2009, two approved managers addressed the PLA in relation to their concerns about occupational violence at brothels.

Throughout 2008-09, the PLA continued its engagement with the Queensland Adult Business Association (QABA). It was sent a variety of correspondence, and is a recipient of *In Touch*.

Communicating with Other Key Stakeholders

We met, as required, with our key stakeholders and have assisted other agencies to perform their functions with regard to prostitution issues. Table 12 shows the number of meetings we held with those key stakeholders.

■ **Table 12:** Key stakeholders attending meetings with the PLA 2008–09

Group	Number
Licensees and managers, applicants, potential applicants	18
QPS	15
Other government agencies	22
Media	0
Ministerial	3
Members of the public/students	45
TOTAL	103

Meetings are just one way of measuring the Authority's stakeholder engagement. Other more common forms of communication with stakeholders included telephone calls, emails, and letters.

In particular, given the inherent nature of the sex industry, the Authority has a close working relationship with the Communicable Diseases Branch of Queensland Health. An officer of the PLA was invited to attend the 2009 Meeting of Sexual Health Clinicians and given an opportunity to address the meeting in respect of relevant sexual health requirements for sex workers in licensed brothels.

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

The PLA receives thousands of inquiries annually about prostitution and related matters, mostly by telephone and email. Inquiries generally come from brothel licensees and managers, individuals interested in making an application, other government agencies and sex workers. Common categories of inquiry relate to the regulation of prostitution advertising, legal or brothel licensing questions, and questions about applications for a licence or certificate. The great majority of inquiries are dealt with by providing information over the telephone or by return email. In some circumstances, individuals were referred to other government and non-government agencies for assistance.

Supporting our Business

Our People

The PLA recognises that its employees are an important asset and values the contribution of all staff members. Officers of the Authority are highly trained and skilled in the work that they undertake. Officers specialise 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.

At the end of 2008-09 there were six full-time officers employed at the PLA (table 12). There was one part-time administrative officer, engaged for no more than two days per week. There were three vacant positions. One officer separated from the Authority in January 2009 and it is anticipated that position will be filled in the latter half of 2009. More than half of the Authority's staff are women (four out of six).

■ Table 12: PLA staff

Staff category	Female	Male
SES	1	
A07-A08	2	1
A04-A06		1
A02-A03	1	
TOTAL	4	2

The PLA has flexible workplace arrangements to support the attraction and retention of staff, including time-off-in-lieu, flexible starting and finishing times, and carer's leave.

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 has included courses or workshops in right to information and privacy and government investigations. In November 2008, Joan Wilson-Jones of JWJ Consulting was engaged to facilitate a one day workshop for staff called *Bouncing back into work and life*. It covered work and life stress, motivational techniques, setting boundaries, time management, focusing on priorities and strategies for staying on track. The workshop was well received and regarded by staff.

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, to air grievances, and to resolve any issues that may be identified.

No staff took voluntary early retirement or were retrenched in 2008-09.

There was no overseas travel undertaken by either PLA staff or by members of the PLA in 2008-09.

PLA research program

Early in the operations of the PLA it was recognised that the existing literature on the sex industry in Queensland was insufficient for informing the work of the Authority, the Minister and for providing appropriate advice and information about prostitution. While some research had been conducted which had aimed to describe prostitution in Queensland, it was neither ongoing nor contemporary. In 2003, the PLA committed to and funded a major industry monitoring program to inform the PLA and the Minister about trends and issues relating to the sex industry in general and to monitor the operation and effectiveness of the Prostitution

Act. As a result of the monitoring program, the PLA published *Selling Sex in Queensland 2003: A study of prostitution in Queensland*.

Following a tender process, in August 2008 a contract was signed with a researcher, Ms Anne Edwards. The research focused on the key question of how Queensland could better regulate the sex industry. As part of the research, Ms Edwards spoke with key stakeholders such as brothel licensees, approved managers, sex workers, sex worker organisations, and key government agencies in Queensland and other states. The intention of the research was that it would be independent and objective.

At the end of May 2009, Ms Edwards provided the PLA with her final report. It is in the form of a report to the PLA and is currently being considered by the Authority. It is the intention of the PLA to publish the report and make it publicly available. This is likely to occur later in 2009. The Authority intends to engage with the Government on the report and will seek stakeholder comment on the report's key findings and recommendations.

Finance and Administration

The finance and administration section of the PLA comprises three full-time staff members and one part-time officer who deliver a range of services to support the operations of the PLA. Since January 2009, the AO4 administration position has been vacant. Finance and administration also has a key role in the development and implementation of effective resource management.

During 2008-09, finance and administration developed and reviewed several processes that influenced the PLA's outcomes. These included:

- 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

- improving the efficiency of brothel licence and manager's certificate application processing
- reviewing the business management process and implementing integrated budgeting with operational planning
- continuing to improve the management of risk and the audit of service delivery through better practices
- 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
- reviewing the Corporate Services Service Level Agreement (SLA) between the QPS and the PLA with the Shared Service Agency (SSA) and CorpTech. Services such as payroll, processing payments and SAP support are provided by the shared service providers.

Under the PLA's 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 alike. To support PLA staff, access is available to employee assistance services provided by the QPS. The PLA's recruitment practices ensure that its officers 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).

The Authority did not incur any expenditure on consultancies for 2008-09.



Information Management

Another area where the PLA receives assistance from the QPS is in 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.

The PLA has completed development of the internal licensing database for the purpose of recording and reporting on:

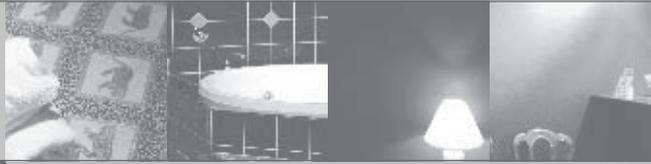
- brothel applicants
- manager applicants
- compliance activities
- development applications for licensed brothels
- brothel premises information.

The information from the database has improved the Authority's ability to obtain statistical data and other information concerning the licensed brothel industry.

Outlook for 2009-10

The PLA contributes to the Government's Q2 ambition of *Making Queenslanders Australia's healthiest people*. Workplace health and safety for all workers in the licensed sex industry is a high priority. The Authority is determined that it will continue to administer a regime that has high guarantees of health and safety for sex workers and their clients. Through its probity processes, the Authority will continue to ensure that applicants for brothel licences and approved manager's certificates are suitable persons to operate or manage a licensed brothel. We will also continue to work closely with PETF to manage the application process and we are committed to ensuring the maintenance of 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 any relevant amendments to the Prostitution Act arising from the Government's response to the CMC recommendations in its report, *Regulating Outcall Prostitution*. This will include the development of guidelines for social escort advertising.
 - Continue to progress relevant prostitution-related issues through the inter-departmental working group.
 - Continue to provide guidance to the sex industry and publishers on the guidelines for prostitution advertising.
 - Seek to amend the *Prostitution Regulation 2000* to broaden the definition of 'sexually transmissible disease'.
 - Assist to progress the alternate model put forward by Queensland Health regarding the provision of sexual health certificates issued to sex workers in licensed brothels.
 - Engage with the Government on ways to enhance the regulation of prostitution.
- Implement a new resource for licence applicants to assist them to better understand their obligations and establish high standard brothel operational systems.
 - Review best practice standards appropriate to the operations of licensed brothels and review brothel licence conditions for relevancy and consistency.
 - Continue to educate the community and assist stakeholders in respect of issues to do with prostitution.
 - Finalise the review and updating of the *Approved Manager's Handbook*.
 - Review our systems and processes and the FAM to ensure compliance with the *Financial Accountability Act 2009* and the Financial and Performance Management Standard 2009.





Financial Statements



Prostitution Licensing Authority Financial Statements 2008-09

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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 plaadmin@iprimus.com.au or visit the PLA's Internet site www.pla.qld.gov.au.

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

PROSTITUTION LICENSING AUTHORITY
INCOME STATEMENT
for the year ended 30 June 2009

	Notes	2009 \$	2008 \$
Income			
Revenue			
User charges and fees	2	842,228	797,743
Grants and other contributions	3	590,000	405,000
Other revenue	4	53,657	74,607
Total Income		1,485,885	1,277,350
Expenses			
Employee expenses	5	762,378	635,993
Supplies and services	6	344,593	275,125
Rental expenses		195,277	148,813
Depreciation	7	27,718	25,953
Other expenses	8	66,853	60,665
Total Expenses		1,396,819	1,146,549
Operating Surplus		89,067	130,801

The accompanying notes form part of these statements.

PROSTITUTION LICENSING AUTHORITY
BALANCE SHEET
as at 30 June 2009

	Notes	2009 \$	2008 \$
Current Assets			
Cash and cash equivalents	9	1,018,405	952,994
Receivables	10	26,493	11,324
Other	11	4,456	1,623
Total Current Assets		1,049,354	965,941
Non Current Assets			
Property, plant and equipment	12	117,946	154,260
Total Non Current Assets		117,946	154,260
Total Assets		1,167,299	1,120,201
Current Liabilities			
Payables	13	135,324	40,808
Accrued employee benefits	14	226,607	82,340
Other	15	22,807	315,802
Total Current Liabilities		384,737	438,950
Non Current Liabilities			
Accrued employee benefits	14	37,226	24,981
Total Non Current liabilities		37,226	24,981
Total Liabilities		421,962	463,931
Net Assets		745,337	656,270
Equity			
Retained surpluses		745,337	656,270
Total Equity		745,337	656,270

The accompanying notes form part of these statements.

PROSTITUTION LICENSING AUTHORITY
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2009

	Notes	2009 \$	2008 \$
Balance 1 July		656,270	525,469
Operating Surplus		89,067	130,801
Balance 30 June		<u><u>745,337</u></u>	<u><u>656,270</u></u>

The accompanying notes form part of these statements.

PROSTITUTION LICENSING AUTHORITY
CASH FLOW STATEMENT
for the year ended 30 June 2009

	Notes	2009 \$	2008 \$
Cash flows from operating activities			
<i>Inflows:</i>			
User charges and fees		719,232	727,585
Grants and other contributions		420,000	405,000
GST input tax credits from ATO		53,523	50,039
GST collected from customers		6,773	2,273
Interest receipts		57,089	72,949
<i>Outflows:</i>			
Employee expenses		(620,277)	(662,926)
Supplies and services		(447,931)	(418,259)
GST paid to suppliers		(59,069)	(45,895)
GST remitted to ATO		(6,773)	(2,273)
Other		(60,955)	(54,893)
Net cash provided by (used in) operating activities	16	61,613	73,600
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		67,727	22,727
<i>Outflows:</i>			
Payments for property, plant and equipment		(63,929)	(37,344)
Net cash provided by (used in) investing activities		3,798	(14,617)
Net increase (decrease) in cash held		65,411	58,983
Cash at beginning of financial year		952,994	894,011
Cash at end of financial year	9	1,018,405	952,994

The accompanying notes form part of these statements.

**PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2008-09**

Objectives and Principal Activities of the Prostitution Licensing Authority

The objectives of the Prostitution Licensing Authority (PLA) are to establish an efficient and effective brothel licensing regime, to ensure that licensed brothels operate in accordance with the *Prostitution Act 1999* (the Act) and that the objectives of the Act are achieved.

During 2008-09, the PLA was funded through a non-reciprocal government contribution and provides the following on a fee for service basis:

- Issues brothel licences and managers' certificates
- Other administration services for licensees and managers
- Registrar and administration services for the independent assessor

1. Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared in accordance with Australian Accounting Standards. In addition, the financial statements comply with the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2009, and other authoritative pronouncements.

These financial statements constitute a general purpose financial report.

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, annual return 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.

(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.

**PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2008-09**

(d) Grants and Contributions (cont'd)

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 2009.

(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 Government entity, are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(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 are recognised for financial reporting purposes in the year of acquisition:

Plant and equipment	\$5,000
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PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2008-09

(h) Property, Plant and Equipment (cont'd)

Plant and equipment, including leasehold improvements, are 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 Accounting 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%

(j) 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 2009.

**PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2008-09**

(k) 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.

(l) Financial Instruments

Recognition

Financial assets and financial liabilities are recognised in the Balance Sheet when the PLA becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Receivables held at fair value
- Payables held at fair value
- Cash and cash equivalents held at fair value through profit and loss

The PLA does not enter transactions for speculative purposes, nor for hedging. Apart from cash, the PLA holds no financial assets classified at fair value through profit and loss.

All disclosures relating to the measurement basis and financial risk management of other financial instruments held by the PLA are included in Note 20.

(m) Employee Benefits

Wages, Salaries, Annual Leave and Sick Leave

Wages, salaries and recreation leave due but unpaid at reporting date are recognised in the Balance Sheet at the nominal salary rates. 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. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue 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.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2008-09

(m) Employee Benefits (cont'd)

Long Service Leave

Under the Queensland Government's long service leave scheme, a levy is made on the PLA to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the PLA's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the Treasurer on the advice of 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 those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Executive Remuneration

The executive remuneration disclosures in the employee expenses note (Note 5) in the financial statements include:

- The aggregate remuneration of the Executive Director who is the only officer of the PLA whose remuneration for the financial year is \$100,000 or more; and
- The number of senior executives whose total remuneration for the financial year falls within each successive \$20,000 band, commencing at \$100,000.

The remuneration disclosed is all remuneration paid or payable, directly or indirectly, by the PLA or any related party in connection with the management of the affairs of the PLA, whether as an executive or otherwise. For this purpose, remuneration includes:

- Wages and salaries;
- Accrued leave (that is, the increase/decrease in the amount of annual and long service leave owed to the Executive Director, inclusive of any increase in the value of leave balances as a result of salary rate increases or the like);
- Accrued superannuation (being the value of all employer superannuation contributions during the financial year, both paid and payable as at 30 June);
- Car parking benefits and the cost of motor vehicles, such as lease payments, fuel costs, registration/insurance, repairs/maintenance and fringe benefit tax on motor vehicles incurred by the PLA during the financial year, both paid and payable as at 30 June, net of any amounts subsequently reimbursed by the Executive Director; and
- Fringe benefits tax included in remuneration agreements.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2008-09

(m) Employee Benefits (cont'd)

The Executive Director did not receive remuneration for performance pay, housing (being the market value of the rent or rental subsidy) and allowances.

The disclosures apply to all senior executives appointed by Governor in Council and classified as SES1 and above, with remuneration above \$100,000 in the financial year. 'Remuneration' means any money, consideration or benefit, but excludes amounts:

- Paid to an executive by the PLA or any of its subsidiaries where the person worked during the financial year wholly or mainly outside Australia during the time the person was so employed; or

- In payment or reimbursement of out-of-pocket expenses incurred for the benefit of the entity or any of its subsidiaries.

In addition, separate disclosure of separation and redundancy/termination benefit payments is included.

(n) Provisions

There are no provisions recorded as the PLA did not have a present obligation, either legal or constructive as a result of a past event.

(o) 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 workers' compensation.

(p) 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.

(q) 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 Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

(r) 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 (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the PLA. GST credits receivable from, and GST payable to the ATO, are recognised (refer to note 10).

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2008-09

(s) Issuance of Financial Statements

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

(t) Judgements and Assumptions

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

(u) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1 or, where that amount is \$0.50 or less, to zero, unless disclosure of the full amount is specifically required.

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

(v) New and Revised Accounting Standards

The PLA did not voluntarily change any of its accounting policies during 2008-09. No Australian accounting standards and interpretations issued or amended and applicable for the first time in the 2008-09 financial year have an effect on the PLA.

The PLA is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the PLA has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The PLA will apply these standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, a number of new or amended Australian accounting standards with future commencement dates may have an impact on the PLA. Details of such impacts are set out below.

The PLA will need to comply with a revised version of AASB 101 *Presentation of Financial Statements* as from 2009-10. The revised standard will not have measurement or recognition implications. Instead, there may be changes to the presentation of the PLA's overall financial performance and position and preparation of a new Statement of Comprehensive Income .

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the PLA, or have no material impact on the PLA.

**PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2008-09**

	2009 \$	2008 \$
2. User charges and fees		
Fees for licences	636,074	548,830
Fees for licence applications	130,500	159,703
Fees for certificates	4,987	4,847
Fees for certificate applications	69,280	82,285
Other fees	1,386	2,078
Total	<u>842,228</u>	<u>797,743</u>
3. Grants and Other Contributions		
Government operating grant	590,000	405,000
	<u>590,000</u>	<u>405,000</u>
4. Other Revenue		
Interest	53,657	74,607
Total	<u>53,657</u>	<u>74,607</u>
5. Employee Expenses		
Employee Benefits		
Wages and salaries	680,405	555,219
Employer superannuation contributions*	61,641	59,349
Long service leave levy*	9,229	10,228
Other	10,234	9,874
Total	<u>761,509</u>	<u>634,671</u>
Employee Related Expenses		
Workers' compensation premium **	870	1,322
Total Employee Expenses	<u>762,378</u>	<u>635,993</u>

*Employer superannuation contributions and the long service leave levy are regarded as employee benefits.

** 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.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2008-09

5. Employee Expenses cont'd

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

	2009	2008
Number of Employees:	8	8

Executive Remuneration

The number of senior executives who received or were due to receive total remuneration of \$100,000 or more:

\$140,000 to \$159,999	-	1
\$160,000 to \$179,999	1	-
Total	<u>1</u>	<u>1</u>

	2009	2008
	\$	\$
Total remuneration of executive shown above	172,764	150,479

The amount calculated as executive remuneration in these financial statements includes the direct remuneration received, as well as items not directly received by senior executives, such as the movement in leave accruals and fringe benefits tax paid on motor vehicles. This amount will therefore differ from advertised executive remuneration packages which do not include the latter items.

6. Supplies and Services

Contractors	157,980	40,870
Supplies and consumables	69,251	44,910
Travel	11,907	20,629
Repairs and maintenance	23,756	26,692
Communications	13,644	13,209
Department of Police corporate service charges	24,143	23,521
Public utilities	10,245	10,245
Legal services	12,880	52,100
Other	20,785	42,949
Total	<u>344,593</u>	<u>275,125</u>

**PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2008-09**

	2009 \$	2008 \$
7. Depreciation		
Depreciation was incurred in respect of:		
Plant and equipment	<u>27,718</u>	<u>25,953</u>
Total	<u>27,718</u>	<u>25,953</u>

8. Other Expenses

Insurance premiums	3,140	1,735
Auditor's remuneration - external audit services	11,200	10,500
Chairman and Members' fees	47,234	44,962
Losses from disposal of property, plant and equipment	4,798	3,448
Other	481	20
Total	<u>66,853</u>	<u>60,665</u>

Total external audit fees relating to the 2008-09 financial year are estimated to be \$10,600 (2008: \$10,500). There are no non-audit services included in this amount.

9. Cash and Cash Equivalents

Imprest account	300	300
Cash at bank	<u>1,018,105</u>	<u>952,694</u>
Total	<u>1,018,405</u>	<u>952,994</u>

Interest earned on cash held with the Commonwealth Bank earned between 2.85% and 7.10% in 2009 (2008: 6.10% to 7.10%).

10. Receivables

Current		
GST receivable	8,602	3,055
Interest receivable	2,481	5,912
LSL claim receivable	14,410	-
Other	<u>1,000</u>	<u>2,357</u>
Total	<u>26,493</u>	<u>11,324</u>

11. Other Current Assets

Prepayments	<u>4,456</u>	<u>1,623</u>
Total	<u>4,456</u>	<u>1,623</u>

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2008-09

	2009 \$	2008 \$
12. Property, Plant and Equipment		
Plant and equipment		
At cost	290,061	325,984
Less: Accumulated depreciation	<u>(172,115)</u>	<u>(171,724)</u>
Total	<u>117,946</u>	<u>154,260</u>

Plant and equipment is valued at cost in accordance with Queensland Treasury's *Non-Current Asset Accounting Policies for the Queensland Public Sector*.

Property, Plant and Equipment Reconciliation

	Plant and Equipment 2009 \$	2008 \$
Carrying amount at 1 July	154,260	169,045
Acquisitions	63,929	37,344
Disposals	(99,852)	(26,176)
Depreciation	<u>(391)</u>	<u>(25,953)</u>
Carrying amount at 30 June	<u>117,946</u>	<u>154,260</u>

13. Payables

Current		
Trade creditors and accruals	<u>135,324</u>	<u>40,808</u>
Total	<u>135,324</u>	<u>40,808</u>

14. Accrued Employee Benefits

Current		
Recreation leave	33,007	65,983
Wages outstanding	183,678	12,080
Long service leave levy payable	975	211
Other	<u>8,948</u>	<u>4,066</u>
Total	<u>226,607</u>	<u>82,340</u>

**PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2008-09**

	2009 \$	2008 \$
14. Accrued Employee Benefits (cont'd)		
Non-Current		
Recreation leave	37,226	24,981
Total	<u>37,226</u>	<u>24,981</u>

The discount rates used to calculate the present value of non-current recreation leave are 4% and 4.6% (2008: 6.7% and 6.8%).

15. Other Current Liabilities

Fees received in advance*		
Fees for licences received in advance	21,500	145,169
Fees for certificates received in advance	1,307	634
	<u>22,807</u>	<u>145,802</u>
Unearned grant revenue [#]	-	170,000
Total	<u>22,807</u>	<u>315,802</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 was for an industry monitoring program that was completed in 2008-09.

**16. Reconciliation of Operating Surplus to
Net Cash from Operating Activities**

Operating surplus	89,067	130,801
Depreciation	27,718	25,953
Loss on sale of property, plant and equipment	4,798	3,448
Change in assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	(5,546)	4,140
(Increase)/decrease in other receivables	4,788	(4,015)
(Increase)/decrease in prepayments	(2,833)	202
(Increase)/decrease in LSL receivable	(14,410)	-
Increase/(decrease) in fees received in advance	(122,996)	(70,157)
Increase/(decrease) in payables and accruals	94,516	7,802
Increase/(decrease) in accrued employee benefits	156,512	(24,574)
Increase/(decrease) in unearned grant revenue	(170,000)	-
Net cash from operating activities	<u>61,613</u>	<u>73,600</u>

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2008-09

	2009 \$	2008 \$
17. 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	199,837	209,730
Later than one year and not later than five years	-	204,328
Later than five years	-	-
Total commitments	<u><u>199,837</u></u>	<u><u>414,058</u></u>

The PLA has exercised a two year option to continue the operating lease for the premises from 9 June 2008 to 10 June 2010.

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. 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.

18. Contingencies

(a) Guarantees and undertakings

The PLA had provided no guarantees or undertakings at 30 June 2009.

(b) Litigation in progress

There are no known contingent assets or liabilities of a significant nature at 30 June 2009.

19. Events Occurring after Balance Date

There are no events occurring after balance date that materially affect the financial statements at 30 June 2009.

**PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2008-09**

20. Financial Instruments

(a) Categorisation of Financial Instruments

The PLA has the following categories of financial assets and financial liabilities:

Category	Note	2009 \$	2008 \$
Financial Assets			
Cash and cash equivalents	9	1,018,405	952,994
Receivables	10	26,493	11,324
Total		<u>1,044,897</u>	<u>964,318</u>
Financial Liabilities			
Payables	13	135,324	40,808
Total		<u>135,324</u>	<u>40,808</u>

(b) Financial Risk Management

PLA's activities expose it to interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and PLA's policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the PLA.

All financial risk is managed by the PLA under policies approved by the PLA Board.

PLA measures risk exposure using a variety of methods as follows:

Risk Exposure	Measurement method
Credit risk	Ageing analysis, earnings at risk
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2008-09

(c) Credit Risk Exposure

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.

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

Maximum Exposure to Credit Risk			
Financial Assets	Note	2009	2008
		\$	\$
Cash	9	1,018,405	952,994
Receivables	10	26,493	11,324
Total		1,044,897	964,318

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

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. Exposure to credit risk is monitored on an ongoing basis.

All receivables are due within 30 days. No financial assets and financial liabilities have been offset and presented net in the Balance Sheet.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

The PLA does not have any past due or impaired financial assets.

(d) Liquidity Risk

The PLA is exposed to liquidity risk in respect of its payables.

The PLA manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the PLA has sufficient funds available to meet employee, supplier and other obligations as they fall due. This is achieved by ensuring that sufficient levels of cash are held within the 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.

The following table sets out the liquidity risk of financial liabilities held by the PLA. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the repayment of the principal amount outstanding at balance date.

**PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2008-09**

(d) Liquidity Risk (cont'd)

Financial Liabilities	Note	2009 Payable in			Total
		<1 year	1-5 years	>5 years	
		\$	\$	\$	\$
Payables	13	135,324	-	-	135,324
Total		135,324	-	-	135,324

Financial Liabilities	Note	2008 Payable in			Total
		<1 year	1-5 years	>5 years	
		\$	\$	\$	\$
Payables	13	40,808	-	-	40,808
Total		40,808	-	-	40,808

(e) Market Risk

The PLA does not trade in foreign currency and is not materially exposed to commodity price changes. The PLA is exposed to interest rate risk through cash deposited in interest bearing accounts. The PLA does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

The following interest rate sensitivity analysis depicts the outcome to profit and loss if interest rates would change by +/- 1% from the year-end rates applicable to the PLA's financial assets.

Interest Rate Sensitivity Analysis

Financial Instruments	Carrying Amount	2009 Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash	1,018,405	(10,184)	(10,184)	10,184	10,184
Overall effect on profit and equity		(10,184)	(10,184)	10,184	10,184

Financial Instruments	Carrying Amount	2008 Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash	952,994	(9,530)	(9,530)	9,530	9,530
Overall effect on profit and equity		(9,530)	(9,530)	9,530	9,530

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.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2008-09

21. Remuneration of Board Members

Remuneration is payable to the Board Members from the PLA in connection with the management of the PLA. Remuneration includes fees received by Members. There were no payments made to the Members for salaries, commissions and contributions to member's superannuation and other benefits.

The number of responsible persons whose remuneration from the PLA was within the following specified bands were:

	2009	2008
Nil	3	4
\$1 - \$10,000	4	4
\$30,001 - \$40,000	1	1

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

	\$	\$
Manus Boyce - Chairman	36,600	36,600
Mr L Pollard	2,310	2,321
Ms A Bennison	2,549	1,638
Ms A Murphy	3,226	2,321
Ms W Edmond	2,549	2,082
Dr D Rowling	-	-
Mr J Callinan (Crime and Misconduct Commission)	-	-
Assistant Commissioner P Barron (QPS)	-	-
Total remuneration	<u>47,234</u>	<u>44,962</u>

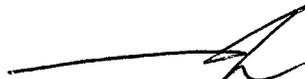
CERTIFICATE OF THE PROSTITUTION LICENSING AUTHORITY

These general purpose financial statements have 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 2009 and of the financial position of the PLA at the end of that year.



MARGARET ISAAC
Executive Director
25 August 2009



MANUS BOYCE
Chairman
25 August 2009

INDEPENDENT AUDITOR'S REPORT

To the Board of the Prostitution Licensing Authority

Report on the Financial Report

I have audited the accompanying financial report of the Prostitution Licensing Authority which comprises the balance sheet as at 30 June 2009, 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.

The Authority's Responsibility for the Financial Report

The Prostitution Licensing 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 to express an opinion on the financial report based on the audit is prescribed in the *Auditor-General Act 2009*. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the *Financial Administration and Audit Act 1977*.

The audit was conducted in accordance with the *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 *Auditor-General Act 2009* 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.40 of the *Auditor-General Act 2009* –

- (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 2008 to 30 June 2009 and of the financial position as at the end of that year.

O. C. Clare

O C CLARE FCPA
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
Beerburrum	Dirranbandi	Kalbar	Murgon	Tolga
Beerwah	Doolbi	Karara	Murphys Creek	Toobeah
Biddeston	Durong	Keppel Sands	Muttaburra	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	Patricks 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	Stanage Bay	Yelarbon
Colinton	Great Keppel Is	Minden	Talwood	Yeppoon
Conondale	Gunalda	Mission Beach	Tannymorel	Zilzie
Coolabunia	Gundiah	Mondure	Tara	

Contact Information

Prostitution Licensing Authority

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Executive Director: Ms Margaret Isaac

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A copy of the Act and related amendments can be downloaded from the Legislation website – www.legislation.qld.gov.au or by contacting SDS Publications on telephone number (07) 3246 3399.

