

# Prostitution Licensing Authority

**Annual Report 2009–10**



**Prostitution Licensing Authority**

# 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 2009-10 year. Our Annual Report serves as the primary mechanism through which we meet our accountability and statutory reporting obligations.

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 ambitions
- 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.

## Public availability and further information

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

## 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 Prostitution Licensing Authority 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](http://www.pla.qld.gov.au). An electronic version of this Annual Report is available from [www.pla.qld.gov.au/reportsPublications/annualReport/](http://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](mailto: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 2009-10 useful and informative. This 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 the report design and content. Please send your feedback to the Executive Director, Office of the Prostitution Licensing Authority, GPO Box 3196, Brisbane, Qld, 4001 or by emailing [plaadmin@iprimus.com.au](mailto:plaadmin@iprimus.com.au)

## Table of Contents

Highlights of the year	3
Abbreviations	3
Message from the Chair	4
Executive Director's Report	5
Welcome to the Prostitution Licensing Authority	8
Our purpose	8
Contribution to whole-of-Government objectives for the community	8
Reporting structure and organisation	8
The Prostitution Licensing Authority	9
Role of the Prostitution Licensing Authority	9
Current membership	10
Meetings	12
Remuneration	12
Our performance	14
Financial performance summary	14
Output performance measures	15
Statistical highlights in 2009-10	16
The environment in which we operate	18

## Overview

Our Corporate Governance framework	22
Appointment of PLA members	22
The strategic planning cycle	22
Our objectives and strategies	22
Ethical and professional conduct	23
Public interest disclosures	23
Risk management	23
External audit	24
Internal audit	24
Records management	24
Queensland carer's charter	24
Our business	26
Brothel licensing	26
Development approval	28
The Independent Assessor	30
Exempt towns	30
Monitoring and compliance	31
The compliance program	31
Disciplinary action	34
Complaints	35
Police entries to licensed brothels	35
Advertising of prostitution	36
Liaison and assistance	37
Communicating with members of the public	37
PLA community education campaign	37
The PLA website	38
Communicating with the sex industry	38
Communicating with other key stakeholders	39
Inquiries	39
Supporting our business	40
Our people	40
Finance and administration	41
Information management	42
Priorities for 2010-11	43
Financial statements	45
Appendix 1	72
Index	73
Notes	74

# Letter of compliance



1 September, 2010

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

Dear Minister

I am pleased to present the Annual Report 2009-2010 for the Prostitution Licensing Authority.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual Report Requirements for Queensland Government Agencies*.

A checklist outlining the annual reporting requirements can be accessed at [www.pla.qld.gov.au](http://www.pla.qld.gov.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Manus Boyce QC'.

Manus Boyce QC

Chair

Prostitution Licensing Authority

# Highlights of the year

August	September	October	December
<i>Prostitution and Other Acts Amendment Bill 2009</i> introduced into the Parliament of Queensland.	The PLA publishes an independent research report, commissioned from Ms Anne Edwards, entitled <i>Selling Sex; Regulating Prostitution in Queensland</i> .  Executive Director of the Office of the PLA participates in a panel discussion at the sex work symposium of the Australasian Sexual Health 2009 Conference in Brisbane.  PLA participates in Queensland Health stall at the Australasian Sexual Health 2009 Conference.  The PLA publishes advice from its legal counsel about the legalities of sole operator sex workers providing prostitution from motel rooms.	The PLA commences a 12-week community education campaign in major newspapers across the state.  Work commences on a PLA brochure specifically for culturally and linguistically diverse sex workers.	The Queensland Civil and Administrative Tribunal (QCAT) commences operation, at which point the statutory office of Independent Assessor is abolished.
February	March	May	June
PLA publishes a new <i>Manual for Approved Managers</i> .  PLA takes possession of a specially designed multimedia presentation for use at community events.  Staff of the Office of the PLA have their first meeting with staff of the new Queensland sex worker organisation, Respect Inc.	PLA has stand at Sexpo, pursuant to its legislative function of raising in the community awareness of issues about prostitution  The State Archivist approves the Retention and Disposal Schedule for the PLA.	The PLA grants a person a brothel licence to operate a new brothel to be established at Yatala called, Arowona on Eastern Service.  The PLA agrees to a strategic assessment of sex worker accommodation issues at licensed brothels with a view to providing draft guidelines for discussion with the industry.	Ms Lynette Palmen AM appointed to the PLA as a second community representative.

# Abbreviations

Authority	Prostitution Licensing Authority	PLA	Prostitution Licensing Authority
CALD	Culturally and linguistically diverse	QCAT	Queensland Civil and Administrative Tribunal
CMC	Crime and Misconduct Commission	QH	Queensland Health
FAM	Finance and Administration Manual	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)	STI	Sexually transmissible infection
PIM	Probity Investigation Manual	the Act	<i>Prostitution Act 1999</i>
		the Minister	Minister for Police, Corrective Services and Emergency Services



## Message from the Chair

It has been another busy and successful year for the Prostitution Licensing Authority (PLA) which has worked diligently in the furtherance of its legislative functions.

The end of 2009-10 marks the tenth anniversary of the creation of the PLA. We have much to be proud of. The PLA presides over 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.

Over the past decade, the licensed sex industry has grown to 25 brothels. PLA compliance checks have demonstrated that the state's licensed brothels are very well run and operate consistent with community and legislative expectations, albeit that the licensed sex industry has not grown to the size originally anticipated. By all accounts, there is still a thriving illegal sex industry in Queensland and the PLA is interested in drawing as much of this illegal industry into the regulatory sphere as possible. Some persons assert that the current regulatory framework is overly restrictive. The PLA considers it unlikely there will be any substantial growth of the licensed sex industry. Since 2006-07, it has more or less plateaued.

In September 2009, the PLA published an independent research report it had commissioned from Ms Anne Edwards called *Selling Sex: Regulating Prostitution in Queensland*. The PLA sought stakeholder comment and engaged with the Government on the report's key findings and recommendations. During the year, the PLA also engaged in a community education campaign to foster greater awareness of the legal framework for prostitution in the state and to facilitate complaints about suspected illegal prostitution activities.

In 2010-11, 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 the Minister for Police, Corrective Services and Emergency Services, the Hon Neil Roberts MP, and his staff. I also recognise and value the assistance of various government agencies that have so professionally supported and enhanced the work of the PLA.

I extend my thanks to my fellow members of the PLA 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 of the Office of the PLA, Ms Margaret Isaac, who has led the agency so ably for the last decade. My appreciation also goes to the office staff for their ongoing dedication and committed professionalism.

Manus Boyce QC  
Chair



## Executive Director's Report

It is hard to believe that I have spent the last decade of my working life at the PLA, first as Registrar of the PLA and then when that position was abolished as Executive Director of the Office of the PLA. Much has been achieved over that period. From setting up an agency from scratch and developing forms and policies and procedures, to the position today where the PLA presides over the regulation of a mature industry which has 25 licensed brothels throughout the state.

This year, the Office of the PLA continued to fulfil its legislative function of helping the Authority in the performance of its functions. Amongst other things, this included:

- Conducting and facilitating probity investigations of applicants for brothel licences and approved manager's certificates
- The monitoring of the provision of prostitution through licensed brothels via the compliance program
- Assisting with the conduct of disciplinary inquiries
- Assisting the PLA to educate the community and sex workers about issues to do with prostitution
- Arranging meetings of the PLA and taking minutes
- Provision of advice to the PLA and the making of recommendations
- Provision of briefs and minutes and other advice to the Minister
- Responding to queries and correspondence
- Taking and investigating complaints
- Liaising with other government agencies
- Managing the finances of the PLA
- Developing and implementing policies, procedures, and plans, and meeting statutory reporting requirements
- Conducting surveillance of advertisements for prostitution
- Dealing with legal matters facing the PLA
- Preparation of the PLA newsletter, *In Touch*
- Drafting of fact sheets and other publications.

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, the PLA, and staff of the Office of the PLA. In 2010-11, 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 and the community of Queensland.

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*

## Contribution to whole-of-Government objectives for the community

The PLA contributes to two of the objectives in *Toward Q2: Tomorrow's Queensland*.

**Healthy**—Making Queenslanders Australia's healthiest people:

- The maintenance of appropriate workplace health and safety arrangements for all workers in the licensed sex industry is a high priority.
- The sexual health of sex workers and clients, and thereby the community, is safeguarded by a range of obligations that apply under the Prostitution Act and conditions of brothel licence.

**Fair**—Supporting safe and caring communities:

- Combating the involvement of organised crime and the incidence of official corruption in the licensed sex industry by ensuring that only suitable persons may operate a legal brothel.
- Conducting regular scheduled and unannounced compliance audits and inspections of brothels to monitor compliance with statutory and regulatory obligations, in order to ensure the safety of workers and clients.

## Reporting structure and organisation

The *Prostitution Act 1999* establishes the PLA, consisting of eight members. It also 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 office consists of probity and compliance; finance and administration; and policy, research and

corporate governance areas. The Executive Director is appointed by the Governor-in-Council. In addition to the Executive Director, at the end of 2009-10 there were six full-time officers employed under the *Public Service Act 2008*. There was one part-time employee. There were two 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, the Hon Neil Roberts MP, and to the Parliament of Queensland

■ Figure 1: PLA organisational structure



## The Prostitution Licensing Authority

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 Prostitution Licensing Authority

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 members<sup>1</sup> of the PLA were appointed by the Governor-in-Council. Their term of appointment expires on 3 May 2011.

### 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 was nominated for appointment as Chair of the PLA by the Premier, in accordance with legislative requirements.

### 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

### 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. He is currently the Assistant Commissioner, Director, Witness Protection and Operations Support of the CMC (Police Group). 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 was nominated for appointment to the PLA by the commissioner, pursuant to legislative requirements.

### 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 Communications 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

<sup>1</sup> Four members of the PLA are women, representing 50% of the membership.



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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.

#### **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.

#### **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.

#### **07 Mr Lance Pollard**

Mr Lance Pollard is a solicitor in private practice and is currently a partner with Bennett & Philp. He has 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.

#### **08 Ms Wendy Edmond**

Ms Wendy 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, she worked as a health professional in nuclear medicine and radiation therapy in New York, Montreal, Edinburgh, Copenhagen, Adelaide, Melbourne and Brisbane. Ms Edmond was appointed to the PLA as a community representative, as required by legislation. On 7 December 2009, Ms Edmond resigned as a member of the PLA.



09

### 09 Ms Lynette Palmen AM

Ms Lynette Palmen AM was appointed to the PLA on 3 June 2010 as a community representative to fill the vacancy created by the resignation of Ms Edmond. Ms Palmen was previously appointed to the PLA in June 2004 but resigned in August 2006. Her current appointment expires on 3 May 2011, in common with other members. Ms Palmen is the founder and managing director of Women's Network Australia Pty Ltd, which is the nation's leading networking organisation for women. Founded in 1990, it has more than 15,000 members and subscribers. Ms Palmen spends much of her time speaking to, for and about women and the issues important to them and their success in the corporate, small business and home-based sector. In 2004, she was awarded the Order of Australia AM for service to the community, particularly through promoting public awareness of existing and emerging issues affecting women, and in providing expertise to a range of charitable and not-for-profit organisations. Prior to founding Women's Network Australia, she had a background in the corporate sector and before that in the public service.

## Meetings

The PLA held 11 ordinary meetings in 2009-10.

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

Name	Number attended
M. Boyce (Chair)	11
P. Barron	11
J. Callanan	10
A. Bennison	6
A. Murphy	11
L. Pollard	7
D. Rowling	8
W. Edmond	6 <sup>2</sup>
L. Palmen	0 <sup>3</sup>

<sup>2</sup> Resigned as a member of the PLA on 7 December 2009

<sup>3</sup> Appointed as a member of the PLA on 3 June 2010

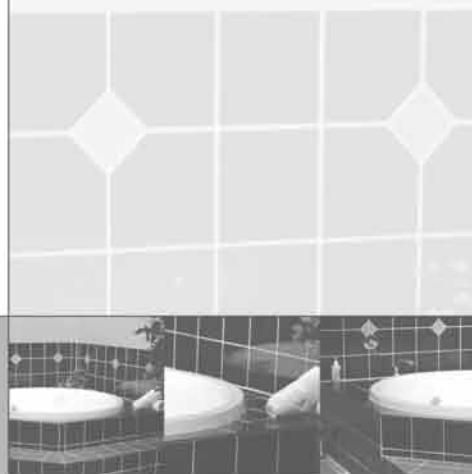
One special meeting was held.

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

Name	Number attended
M. Boyce (Chair)	1
P. Barron	1
J. Callanan	0
A. Bennison	0
A. Murphy	1
L. Pollard	1
D. Rowling	0
W. Edmond	1
L. Palmen	0

## Remuneration

The Chair and members of the PLA were collectively paid \$44,367 during 2009-10, as determined by the Governor-in-Council. This payment represents the annual remuneration to the Chair and the members for attending meetings of the PLA. Ex-officio members (that is, members who hold a paid State Government position) of the Authority do not receive additional remuneration for attending meetings of the Authority. In addition to PLA 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

### Statement of Comprehensive Income

The Statement of Comprehensive Income 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 decrease in fees revenue was mainly due to the timing of lodgement of brothel licence renewal applications and one brothel permanently ceased operation during the course of the year.

### Statement of Financial Position

The Statement of Financial Position measures the value of assets, liabilities and equity of the Authority as at 30 June 2010.

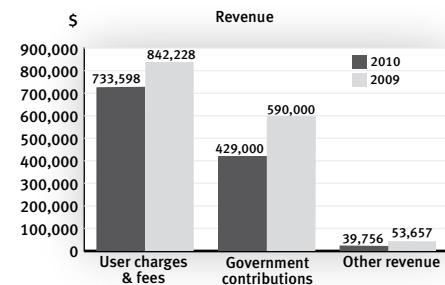
Our equity has decreased as a result of the decrease in cash assets and property, plant and equipment.

### Statement of Cash Flows

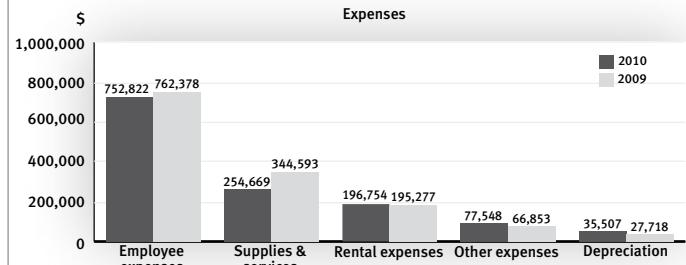
The Statement of Cash Flows measures the inflows and outflows of cash through the year, and classifies those transactions into either operating or investing activities.

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 a decrease in cash from \$1,018,405 at 30 June 2009 to \$911,407 at 30 June 2010.

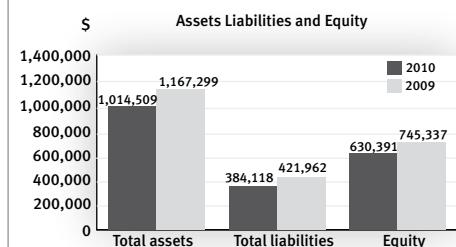
■ Figure 2



■ Figure 3



■ Figure 4



## Output performance measures

The PLA has developed a number of ‘performance measures’ in order to provide information about how efficiently and effectively it delivers services within its approved budget. These measures were reported to the community and to the Parliament through the state budget process. The following table shows our performance measures, the expectations we had about meeting those measures at the beginning of the financial year, and the performance we actually achieved over the year.

■ Table 3: Output performance measures, 2009-10

Performance measures	What we said we would achieve	What we achieved	Notes
1. Number of licensed brothel premises operating	26	25	1
2. Number of brothel and certificate applications investigated	160	182	2
3. Number of brothel and certificate applications decided	110	112	2
4. Percentage of complaints resolved	95%	100%	3
5. Number of compliance activities conducted	210	215	
6. Number of licensed brothels implementing best practice standards	26	25	4
7. Number of brothels requiring three-monthly health certificates	26	25	5
8. Satisfaction of applicants with PLA client service	95%	95%	
9. Applications processed within PLA and forwarded to QPS within 20 business days	95%	85%	6
10. Complaints to the PLA resolved within 20 business days	95%	98%	7

### Notes:

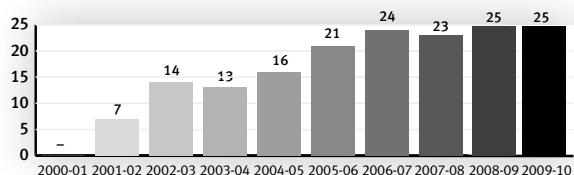
- 1 One brothel permanently ceased operation during the course of the year. A person was granted a licence for a brothel which did not commence operations in 2009-10.
- 2 Includes new applications, renewals, and annual returns.
- 3 This measure refers to the proportion of complaints received in the reporting year that are resolved within the reporting year.
- 4 All brothels implement best practice standards.
- 5 It is a licence condition that all brothels require three monthly sexual health certificates.
- 6 The decrease is mainly due to the delay in applicants, licensees and managers lodging requested documentation for the purpose of completion of probity by QPS and PLA.
- 7 This measure refers to the proportion of resolved complaints that are resolved within 20 business days.



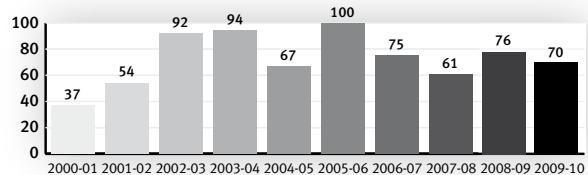
## Statistical highlights in 2009-10

- 25 licensed brothels operating in Queensland, the same as the previous year (figure 5).
- 37 brothel licence applications and 121 applications for an approved manager's certificate (table 4).
- 32 police entries made to 16 licensed brothels (table 11).
- 70 complaints relating to prostitution were received, compared to 76 complaints in 2008-09 (figure 6). There have been no complaints in respect of licensed brothel impact on community amenity in the ten year history of the PLA.
- 215 compliance activities, resulting in 136 corrective actions and 77 recommendations 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

30 June 2010 marked the tenth anniversary of the creation of the Prostitution Licensing Authority (PLA) and the regulatory regime for licensed brothels in Queensland. Prostitution is a contentious issue in the community and it is a truism that prostitution law reform is not a vote winner for governments. The legalisation of brothels in 2000 was therefore a bold and progressive step for the Government.

There can be no doubt that the *Prostitution Act 1999* has been a success on many levels. The quality of life of local communities has been safeguarded by measures which have been successful in limiting the intrusion of the sex industry into peoples' everyday existence. Strict restrictions on the location of licensed brothels mean that they are located almost entirely in industrial areas. Licensed brothels must be unobtrusive in appearance, with restrictions on signage and lighting. Most people would drive past these premises without the faintest idea that a brothel exists. The advertising of prostitution is also strictly regulated. It is telling that over the past decade, the PLA has not received a single complaint from the public about the impact on community amenity of any operating licensed brothel.

Intensive probity checking of applicants (and their associates) for a brothel licence or approved manager's certificate to ensure they are fit and proper persons for involvement in the sex industry has to date been effective in quarantining licensed brothels from organised crime and corruption. It was the nexus between prostitution and organised crime and corruption, revealed by the Fitzgerald Inquiry, which provided the impetus for the creation of the regime for licensed brothels in Queensland.

Since its inception, the PLA has placed a high priority on safe and secure work environments for staff and clients within licensed brothels, coupled with insistence on appropriate occupational health and safety arrangements. This has resulted in an industry which has high guarantees of safety for sex workers and clients. There are a range of relevant obligations that apply to brothel licensees and approved managers, such as ensuring that sex workers hold a current sexual

health certificate of attendance (providing proof of the conduct of a sexual health examination); that sex workers are provided with relevant information about sexual health and the detection of sexually transmissible infections (STI); and that direct and immediate access to a supply of personal protective equipment must be provided in each room. They must also take reasonable steps to ensure that prophylactics are used and that there are no offers or requests for unsafe sex. Sex workers at licensed brothels are also prohibited from providing prostitution whilst knowingly infective with a STI.

In respect of the prevention of the exploitation of sex workers, s. 77 of the Prostitution Act prohibits the application of duress or coercion to a person to provide prostitution. Sex workers in licensed brothels have additional safeguards, so that it is a condition of licence that sex workers must not be compelled, either directly or indirectly, to provide an introduction, to see a client or to provide a particular service.

Strict regulation of the licensed brothel industry is complemented by the vitally important function of monitoring the provision of prostitution through licensed brothels. The PLA has implemented a compliance program to monitor, review and make recommendations on the operational standards of licensed brothels in Queensland. The compliance program is primarily articulated through the audit and inspection of licensed brothels. Each year, every brothel in the state is subject to both announced and unannounced audits and inspections by PLA compliance officers to check they are being operated in accordance with legislative and regulatory requirements. The state's licensed brothels are characterised by a high level of compliance, with relatively few infringements, mostly of a minor nature.

Licensed brothels represent a small but significant proportion of the state's sex industry. Original estimates of 80 licensed brothels have not been realised. The 2009-10 year closed with 25 licensed brothels in operation. Whilst some brothels in the state are very profitable, others are struggling to remain

viable. For most of 2009-10, there were 26 licensed brothels in the state. However, on 20 May 2010, a Cairns brothel, Forbidden Apple, ceased trading as the revenue received from general trading was insufficient to break even. The PLA is aware of two other brothels that might be described as marginal. The economy-wide downturn in the retail sector has certainly not helped matters. Since 2006-07, when there were 24 brothels in operation, the licensed sex industry has experienced negligible growth. Whilst new brothels have opened, others have closed. In 2010-11, it is expected there will be 26 licensed brothels operating.<sup>4</sup>

For the foreseeable future, the PLA sees no reasonable prospect of any substantial growth of the licensed sex industry. It is likely to continue on as it has since 2006-07, with some new brothels opening whilst others close. Whilst there will be new brothel licensees, this will be mostly a product of the sale of existing brothel businesses rather than the opening of new brothels. Amongst other factors, the illegal sex industry has impacted on the growth of the licensed industry. Brothel licensees consistently raise with the PLA the impact that illegal operators have on the viability of their business. Illegal operators do not have to pay annual fees and are not saddled with a regulatory or compliance burden. Whilst the PLA has no interest in increasing the overall size of the state's sex industry, it is interested in growing the licensed sex industry at the expense of illegal operators.

During 2009-10, the number of specialist Asian brothels in Queensland has continued to grow. These brothels are all located in south east Queensland. All except one are in Brisbane. The first of these brothels, YiMi476, opened in August 2005. For almost four years, it had the market to itself. Then in April 2009, an existing brothel, International 120, was sold and renamed Miso Honey to reflect that it had become an Asian specialist brothel. It was followed in quick succession by the opening of two new specialist Asian brothels: Temple of Pleasures in May 2009; and Asian

<sup>4</sup> In 2009-10, an individual was granted a brothel licence in respect of a brothel that is expected to commence operations in the latter half of 2010.

Star on Meadow in June 2009. In February 2010, the brothel Paradise 29 was sold and renamed LuvAsian, reflecting its transformation into a specialist Asian brothel. Accordingly, there are now five Asian brothels in the state.

Specialist Asian brothels present some particular challenges for the PLA. Most of the sex workers are from interstate and travel to Queensland for periods typically of two weeks duration. During this time, they tend to be housed on-site at the brothels. Except for Temple of Pleasures, which was purpose built and has dedicated sex worker accommodation facilities, these brothels were never designed to provide accommodation for workers. This presents specific occupational health and safety risks. A second issue is the risk of sexual servitude. Whilst there have been no instances of sexual servitude at any Queensland licensed brothel, and the PLA has found no evidence of this insidious practice over the past decade, the Authority is aware that it cannot rest on its laurels. This is particularly because there have been cases of people trafficking and sexual servitude at legal brothels in other jurisdictions, albeit that they do not have the same level of probity checking and monitoring of brothels as we have in Queensland. Whilst the PLA's probity and compliance functions present a low risk of sexual servitude at licensed brothels, the PLA is keen to limit any possibility of the occurrence of this practice. In light of these two matters, the development of a code of practice for sex worker accommodation at brothels and for culturally and linguistically diverse (CALD) sex workers, after discussion of draft guidelines with the industry, will be a priority for the PLA in 2010-11. The PLA will be engaging with relevant stakeholders in the development of this code.

In September 2009, the PLA published an independent research report, commissioned from Ms Anne Edwards, entitled *Selling Sex; Regulating Prostitution in Queensland*. Copies of this report are available on request from the PLA and it may also be downloaded from the PLA website. Ms Edwards



was tasked with exploring the broad question of: How can Queensland better regulate the sex industry? The report made a number of key findings and recommendations. The PLA sought and received a response from the Minister on the report. Additionally, it sought feedback on the report from a range of state government agencies, sex worker bodies, other organisations, and brothel licensees and approved managers. In February 2010, the PLA adopted a formal response to the report.

The PLA continues to engage with the Minister on ways to improve the regulation of the state's sex industry. For example, in light of continuing issues with the timely payment of annual fees (necessitating debt recovery action in one case) the PLA has been engaging with the Minister on a proposed way of managing the issue more effectively than by way of disciplinary action.

The *Prostitution and Other Acts Amendment Bill 2009* was introduced into the Parliament on 18 August 2009 but has not been further considered. It is expected the Bill will be considered by the legislature in the latter half of 2010.

If the Bill is enacted, it will amend the Prostitution Act to give the PLA a new responsibility of regulating advertisements for social (non-sexual) escort services. This will be accompanied by a power for the PLA to issue *Guidelines for social escort services advertising*, as is currently the case for prostitution advertising. The legislation will also necessitate some amendments to the PLA's *Guidelines for advertisements for prostitution*. The legislation will also amend the Criminal Code to create a new offence of 'carry on a business of providing unlawful prostitution' with respect to a person who knowingly carries on a business that provides prostitution by two or more sex workers. Given the size of the illegal sex industry and its impact on the viability of the licensed sex industry, the PLA supports all reasonable efforts to curtail illegal operators. Violence is an all too common occurrence in the sex industry. Whilst there are comprehensive occupational health and safety protocols for sex workers at licensed brothels, sole operator sex workers are responsible for ensuring their own health and

safety. The PLA welcomes measures that give sex workers extra tools to enhance their safety whilst at work. The legislation will amend s. 228H ('knowingly participate in the provision of prostitution') of the Criminal Code to:

- clarify that a person who receives an advisory message or communication about a sex worker's location and activity does not commit an offence
- allow the holder of a crowd controller's licence issued under the *Security Providers Act 1993* to be employed as a driver for a sole operator sex worker.

On 12 September 2009, the licensed brothel, Deviations, opened in Toowoomba. It was the only new licensed brothel to open in the state during 2009-10. Whilst most brothels in the state open with little or no attention from the community, that did not prove to be the case in Toowoomba. Sectors of the community were active in agitating against any moves to establish a brothel in the city. The experience of the PLA over the past decade has been that licensed brothels have at worst a negligible impact on community amenity. That has proved to be the case in Toowoomba. The PLA has not received a single complaint in respect of Deviations impact on community amenity. Whilst it is appreciated that there is no community consensus on the proper approach to prostitution, the PLA is convinced that the existence of a licensed sex industry 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 an industry which is sanctioned by 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

Section 9 of the *Financial and Performance Management Standard 2009* requires that each statutory body develop a strategic plan for the agency to cover a period of four years. The Minister has approved the PLA's Strategic Plan and it may be accessed from the PLA website. The Strategic Plan and associated documents are reviewed and updated annually. The following documents were utilised by the PLA to support the Strategic Plan:

- an Operational Plan
- an Information and Communication Technology (ICT) Resources Strategic Plan
- a Strategic Procurement Plan.

## Our objectives and strategies

The Strategic Plan identifies the following objectives and strategies.

Goal	Strategy
To ensure an efficient and effective brothel licensing system	<ul style="list-style-type: none"><li>■ Process applications and forward them to the Queensland Police Service (QPS) within 20 business days.</li><li>■ Regularly liaise with QPS on the status of applications.</li><li>■ Being clear and concise about the information required from applicants.</li><li>■ Monitoring the application process and making appropriate changes to ensure a more efficient and effective system.</li><li>■ Contribute to any review of the Prostitution Act or other legislation which impacts on the PLA.</li><li>■ Respond to any amendments to the Prostitution Act.</li><li>■ Engaging with the Government on the regulation of the sex industry.</li></ul>
To have a licensed brothel industry that complies with the Prostitution Act and best practice standards	<ul style="list-style-type: none"><li>■ Monitoring compliance via regular scheduled and unannounced inspections and audits at all licensed brothels.</li><li>■ Educating licensees and managers in respect of their obligations and the expectations of the PLA.</li><li>■ Reviewing and amending brothel licence conditions for currency and best practice.</li><li>■ Reviewing and amending the <i>Guidelines for the Operations of Licensed Brothels in Queensland</i>.</li><li>■ Monitoring compliance with and the impact of the <i>Guidelines for Prostitution Advertising</i>.</li></ul>
To inform the sex industry, the community and the Government about relevant prostitution issues in Queensland	<ul style="list-style-type: none"><li>■ Facilitate the appropriate consideration of prostitution related matters through the interdepartmental working group on prostitution.</li><li>■ The publication and dissemination of relevant fact sheets, newsletters, and other documents.</li><li>■ Ensure that information on the PLA website is relevant and current.</li><li>■ Liaison with the Queensland sex worker organisation, Respect Inc.</li><li>■ Written communication with key stakeholders, as appropriate, throughout the year.</li></ul>
To provide a safe, fair and productive workplace at the PLA	<ul style="list-style-type: none"><li>■ Provide leadership to ensure acceptable service provision at the PLA.</li><li>■ Review workflow and processes of PLA operations.</li><li>■ Ensure staff are provided with relevant training opportunities.</li></ul>

## Ethical and professional conduct

High standards of ethical conduct continue to be one of the PLA's 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 2009-10. Pursuant to legislative requirements, all staff were involved in the review of the code. All staff are given a copy of the code at induction, have access to the code on their desktop and have received training on ethics and misconduct. The Code of Conduct is available on request from the Office of the PLA and may also be accessed from the Authority's website: [www.pla.qld.gov.au](http://www.pla.qld.gov.au).

An ongoing review of the FAM was completed during 2009-10 and will continue into 2010-11. 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 2009-10.

## 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 2009-10.

## Risk management

Risk assessment is a means of identifying all potential risks to the operations and functioning of the PLA and the development of controls to mitigate those risks. Division 12 of the FAM requires that, "the PLA will have effective policies, procedures and systems in place for effectively managing identified risks that may affect operations." A risk assessment was conducted in early 2010 and was noted by members of the PLA. In conducting this assessment, previous risk assessments were reviewed to determine those risks and controls which had been previously identified. The systems appraisal for 2009 was also reviewed. As with any organisation, staff are best placed to identify associated risks. Accordingly, all staff at the Office of the PLA were consulted and encouraged to contribute to this risk assessment, which focused generally on the following areas:

- information/data
- physical security
- staff
- financial systems/records
- policies and procedures
- administration
- stakeholder consultation.

The PLA has been in operation since 1 July 2000. In the intervening years, the risks facing the PLA have been identified and addressed through the successive development of policy and procedures. Risk control measures have been implemented across the agency for all business areas. The PLA has experienced a plateau in its development and is now in a process of ongoing review of existing policies and procedures. In particular, the regular staff meeting provides a forum to raise and discuss any minor risks identified by the agency's personnel, which can then be addressed and remedied immediately by the institution of new control measures or by modifying existing policies and procedures. The 2010 risk assessment concluded that existing controls and mitigating factors are adequate to address the identified risks to the operations of the agency. There have been no incidents or breaches in the intervening period and accordingly a further risk assessment has not been warranted.



The small size and limited budget of the Authority do not warrant an audit committee. Existing policies and procedures are effective in addressing and mitigating risks and members of the PLA provide oversight of the activities of the Office of the PLA.

### External audit

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

### Internal audit

As a statutory body, the PLA is not required to establish an internal audit function. The PLA has not established an internal audit function because of the small size of the agency, its limited budget, and its small staff. The PLA has clear accountabilities and arrangements in place to minimise financial risks. Ultimately, oversight is provided by PLA members. The PLA has 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*, Information Standard 40: Recordkeeping, and Information Standard 31: Retention and Disposal of Public Records.

During 2009-10, the PLA continued its work in collaboration with Queensland State Archives (QSA) to develop its own Retention and Disposal Schedule. The schedule received formal approval from the Queensland State Archivist on 26 March 2010. In 2010-11, the PLA will focus on implementation of the schedule. The PLA would like to extend its gratitude to QSA for its invaluable assistance.

### Queensland carer's charter

In accordance with s. 10 of the *Carers (Recognition) Act 2008*, the PLA is obliged to report on how it complies with the Act.

The Authority and its staff acknowledge that carers improve the quality of life of those people they care for. Moreover, they value the significant contribution that carers make to the economic and social fabric of the community. All too often, the valuable service of carers is unrecognised and undervalued in the community.

The PLA and its staff are aware of and understand the Queensland carer's charter. It has been distributed to all staff and discussed at a staff meeting. The Authority is committed to considering carers and their interests in the delivery of services and when making policy or planning decisions of relevance to carers and the persons they care for. It will consult with carer's bodies when relevant.

In respect of its own staff, the PLA has human resource policies that provide flexible work arrangements to assist carers to meet their commitments both to the persons they care for and the agency. For example, part time work arrangements, spread of hours, time off in lieu, and an entitlement to carer's leave to provide care and support to members of their immediate family or household when necessary.



## Our business



# Our business

## Brothel licensing

The number of operational licensed brothels remained steady throughout 2009-10. The year opened and closed with 25 brothels in operation. On 12 September 2009, a new brothel, Deviations, opened in Toowoomba, bringing the total number of brothels in the state to 26. The following day, the brothel, My Room, at Mount Isa, closed and the licensees surrendered their licence, resulting in a return to 25 brothels. The brothel had been owned in partnership by three individuals, each of whom was required to hold a licence. Subsequently, one of these individuals made another application for a brothel licence which the PLA granted and on 5 November 2009 My Room re-opened and continues to operate. This meant that there were 26 licensed brothels in Queensland. However, on 20 May 2010, the licensees of Forbidden Apple at Cairns each surrendered their licence and the brothel was closed. Accordingly, 2009-10 ended as it started, with 25 licensed brothels in operation around the state. In 2009-10, a brothel licence was granted to an individual but the brothel did not commence operations in that year. The brothel is expected to commence operating at Stapylton in the latter half of 2010, so that in 2010-11 there should be a return to 26 brothels.

In 2009-10, there were 37 brothel licence applications, comprising nine new applications, 23 annual return licences and five renewals<sup>5</sup> (table 4). Of the new applications, six were granted and the remaining three will be considered by the PLA in the latter half of 2010. There were a total of 121 approved manager's certificate applications in 2009-10, comprising 43 new applications, 70 annual return certificates and eight renewals (table 4). Of the new applications, 29 were granted, seven were withdrawn, and the remaining seven will be considered by the PLA later in 2010.

Since the commencement of the licensed brothel regime, the PLA has received 296 brothel licence

applications and 846 approved manager's certificate applications (table 5). Brothel licence applications have comprised 139 new applications, 96 renewal applications, and 60 annual return licences. Of the new applications, 108 were granted, 28 were withdrawn, and three are under current investigation. Of the renewal applications, 88 have been approved, two withdrawn, one has been cancelled, and five are under current investigation. Approved manager's certificate applications have comprised 492 new applications, 193 renewal applications and 161 annual return certificates. Of the new applications, 426 were granted, 57 were withdrawn, one was refused, two were ineligible and six are under current investigation. Of the renewal applications, 181 have been granted, six have been withdrawn and six are under current investigation.

■ Table 4: Applications received 2009-10

	Brothel licences	Approved manager's certificates
New applications	9	43
Annual returns	23	70
Renewal applications	5	8
Total	37	121

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

	Brothel licences	Approved manager's certificates
New applications	139	492
Annual returns	61	161
Renewal applications	96	193
Total	296	846

■ Table 6: Licensed brothels in Queensland at 30 June 2010

<sup>5</sup> 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.

<b>Address</b>	<b>Name of Brothel</b>	<b>Date Opened</b>	<b>Telephone Contact</b>
<b>Brisbane City Council</b>			
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
<b>Moreton Bay Regional Council</b>			
22 Brewer St, Clontarf	Intimate Encounters	20.08.03	3283 6111
<b>Gold Coast City Council</b>			
12 Greg Chappell Dr, Burleigh Heads	Black Orchid 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
1/29 Expansion St, Molendinar	LuvAsian	02.09.05	5564 5599
30 Jade Dr, Nerang	Pentagon Grand	12.04.02	5597 0777
<b>Logan City Council</b>			
26 Magnesium Dr, Crestmead	Club 26	19.11.05	3803 1000
<b>Sunshine Coast Regional Council</b>			
14 Avian St, Kunda Park	Scarlet Harem	13.12.02	5476 5044
13 Cessna St, Maroochydore	Intrigue of Maroochydore	14.02.03	5450 7577
<b>Mackay Regional Council</b>			
39 Enterprise St, Paget	Club 7 on Enterprise	08.07.02	4952 6767
<b>Toowoomba Regional Council</b>			
1/14 Civil Court, Harlaxton	Deviations	12.09.09	4613 1133
<b>Townsville City Council</b>			
13 Carmel St, Garbutt	Bluebirds on Carmel	01.10.03	4779 9555
17 Hugh Ryan Dr, Garbutt	Australian Maid	01.07.02	4725 5888
<b>Cairns Regional Council</b>			
11 Cava Cl, Bungalow	Northern Belle	29.12.06	4033 5955
<b>Mount Isa City Council</b>			
14 Traders Way, Mt Isa	My Room	02.01.08 to 13.09.09 05.11.09	4743 3498

Note: A number of these brothels have previously traded under different names.



## Development approval

In Queensland, the licensing and location of brothels are two separate matters dealt with by two different levels of government. The PLA is a State Government agency and it is responsible for the licensing of individuals to operate a brothel. On the other hand, local councils are responsible for deciding development applications in respect of brothels, subject to relevant provisions of the Prostitution Act and the *Sustainable Planning Act 2009*. Under the Prostitution 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 (IDAS) Code for development applications for a brothel (the code includes requirements about car parking, lighting, signage and the like).

By the end of 2009-10 there had been 55 applications made to local governments in Queensland for development approval for a brothel (table 7). During the year, there were development approvals granted for two sites in the Gold Coast City Council area. These were the only applications made to local authorities in 2009-10. The PLA received a brothel licence application in respect of one only of these sites. The majority of applications have been for premises in the Brisbane and Gold Coast areas. In excess of half of all applications were approved.

There are ten 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 2009-10 (table 8).

**■ Table 7:** Development approval applications for brothel premises since the commencement of the licensed brothel framework

Local authority	Approved	Refused	Withdrawn/ lapsed	Pending	TOTAL
Brisbane	12	3	2	-	17
Gold Coast	7	2	3	-	12
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
<b>TOTAL</b>	<b>36</b>	<b>8</b>	<b>11</b>	<b>0</b>	<b>55</b>

**■ 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 2009-10

Local authority	Address
Brisbane	1/9 Alton St, Coopers Plains 1090 – 1110 Kingsford Smith Dr, Eagle Farm
Gold Coast	5/47 Newheath Dr, Arundel
Logan	3509 Pacific Hwy, Slacks Creek
Redland	10/68 Redland Bay Rd, Capalaba
Rockhampton	17 Bush Cres, Parkhurst
Gladstone	48 Callemondah Dr, Gladstone
Townsville	28 Leyland St, Garbutt
Cairns	7 Owen Cl, Portsmith 5 Southgate Cl, Woree



## 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. On 1 December 2009, the jurisdiction of the Independent Assessor was transferred to the newly created Queensland Civil and Administrative Tribunal (QCAT) and the statutory office of Independent Assessor was abolished. No appeals were lodged with, considered or decided by the Independent Assessor between 1 July and 30 November 2009.



**Mr Stephen Keim SC**

Mr Stephen Keim had been the Independent Assessor since the inception of the statutory role. He ceased to be the Independent Assessor on the abolition of that office. Mr Keim has been a legal practitioner for over 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. In 2009, Mr. Keim was awarded the Human Rights Medal by the Australian Human Rights Commission. In his words of farewell, the Independent Assessor said that:

I would particularly like to thank Margaret Isaac and her staff at the Prostitution Licensing Authority for providing much assistance with great enthusiasm and cheerfulness in acting as the Registry of the Independent Assessor.

## Exempt towns

Under the Prostitution 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 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 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 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 (QH) 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 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 2009-10, PLA compliance officers undertook a total of 215 compliance activities. As a result of audits and inspections throughout the year, there were 136 corrective actions required and 77 recommendations made for improvements to brothel operations (table 9).

**■ Table 9: PLA compliance activities 2009-10**

Number of compliance activities	215
Number of required corrective actions as a result of audits	136
Number of recommendations for improvements to brothel operations	77

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 early 2010, the compliance unit published a new and comprehensive resource, *The PLA Manual for Approved Managers*, in order to better familiarise managers with their responsibilities, the expectations of the PLA, and to assist them in the performance of their duties. The manual replaced the existing *Approved Managers Handbook*. The manual was distributed to all current managers and is given to all new applicants once their application has been granted.

**■ Table 10:** Operations of licensed brothels controlled through the compliance function of the PLA

	<b>Elements</b>	<b>Outcomes</b>
<b>Harm minimisation and infectious disease control</b>	<b>Measures are in place to control the spread of infectious disease and harm minimisation principles are applied where appropriate</b>	
	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
<b>Policies and procedures</b>	<b>Operational policies and procedures are developed, implemented and maintained to manage brothel operations</b>	
	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
<b>Safety and Security</b>	<b>Risks are identified, assessed and controlled for the brothel</b>	
	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
<b>Structure and amenities</b>	<b>Layout and facilities of the brothel are suitable for brothel operations.</b>	
	Liaison with applicants	Planning of brothel is undertaken to meet requirements for amenities and structure



## Disciplinary action

The great majority of brothel licensees and approved managers are diligent in complying with their responsibilities and obligations. Where corrective actions are identified, licensees are generally prompt in attending to them.

It is a function of the PLA to conduct disciplinary inquiries in relation to licensees and approved managers and to discipline licensees and approved managers. The PLA has a range of disciplinary powers at its disposal, including a reprimand, an additional condition of licence or certificate, a monetary penalty, suspension or even cancellation. Disciplinary action is seen as a last resort by the PLA. The Authority has an emphasis on educating licensees and managers about their obligations and achieving compliance by way of cooperation rather than punitive action.

In 2009-10, the PLA undertook disciplinary inquiries in respect of five licensees. In three cases, this was due to failure to lodge an annual return and associated fees, in breach of relevant licence conditions. In the case of two of these licensees, the disciplinary inquiry was cancelled upon submission of their annual return and associated fees. The remaining licensee was issued with a monetary penalty of \$3,000.

There are relevant licence conditions that allow the PLA to request information from licensees and which provide that licensees must respond within requested timeframes. The PLA held a disciplinary inquiry in respect of one licensee for breach of these conditions. The PLA had given the licensee a great deal of latitude but the individual had failed over an extended period to either respond to requests for further information or supplied incomplete or irrelevant information. In the circumstances, it was decided that disciplinary action was appropriate and a monetary penalty of \$7,500 was imposed.

On 8 April 2009, the licensee of a Brisbane brothel was charged with a number of serious prostitution offences under Chapter 22A of the Criminal Code (as

well as other offences). It is alleged that the individual was involved in operating an illegal prostitution escort business, although apparently not from the brothel. Section 27(a) of the Prostitution Act states that it is a ground for taking disciplinary action against a licensee if they have been charged with or convicted of an offence in Queensland or elsewhere. Section 30(1) of the Act states that the only action that the PLA may take solely on the ground that a licensee has been charged with an offence is to suspend the person's licence.

The PLA held a disciplinary inquiry to determine if there were grounds for taking disciplinary action and on 20 July 2009 decided that it was in the public interest to suspend the person's licence for a period of 12 months. The decision was stayed so that the licensee could seek judicial review of the decision in the Supreme Court. A hearing was held on 18 September 2009 before Jones J and a judgement was delivered on 9 December 2009. Jones J ordered that the suspension of the licence be set aside, and referred the suspension of the licence for the further consideration of the PLA. The Authority instructed its lawyers to commence an appeal.

The Court of Appeal heard the appeal on 8 June 2010 and delivered its judgement on 23 June 2010. The Authority's appeal was unanimously dismissed with costs. Holmes JA (with McMurdo P and Muir JA concurring) said that the PLA had to demonstrate a connection between the criminal allegations and the privilege of holding a brothel licence. They said that it was obvious, "that if the alleged criminal activity bore no relationship to the appropriateness of the licensee's continuing enjoyment of the privilege, it could not warrant disciplinary action in relation to the licence". The PLA had not demonstrated such a link. Additionally, they decided that the PLA had not had regard to a relevant consideration, namely that the brothel was well managed. This was relevant, "as going to the public interest in the maintenance of safe, legal, properly run establishments".

During the course of 2009-10, the PLA conducted disciplinary inquiries in respect of six approved

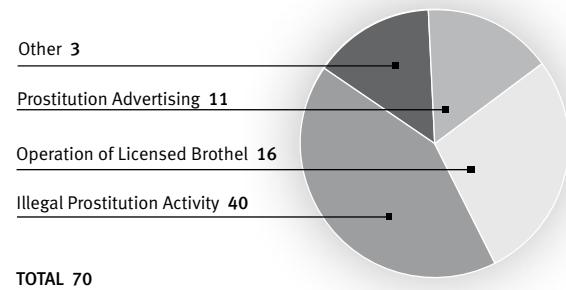
managers for failure to lodge an annual return and associated fees. In four cases, this resulted in disciplinary action in the form of cancellation of the approved manager's certificates. In the remaining two cases, the disciplinary inquiry was cancelled following submission of the annual return and associated fees.

## Complaints

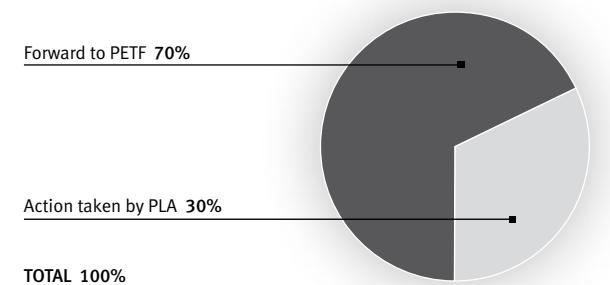
During 2009-10, the PLA received 70 complaints relating to prostitution issues. The majority of complaints were about suspected illegal prostitution activities (figure 7). Just 16 complaints were received about the operation of licensed brothels. None of these complaints were about the impact on community amenity of a brothel. To assist in the management of complaints, a database is used to record and monitor all complaints received by the PLA.

Complaints were resolved either by the PLA itself or by referral to PETF for investigation (figure 8).

■ Figure 7: Number and type of complaints



■ Figure 8: Resolution of complaints



## Police entries to licensed brothels

During the year, the PLA received advice from police and licensees, as required under section 61 of the Act and the conditions of licence, of 32 police entries to 16 licensed brothels (table 11). The police may enter brothels for a variety of reasons, including:

- 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	3
Asian Star on Meadow	4
Bluebirds on Carmel	2
Cleo's on Nile	3
Club 7 on Enterprise	1
Intimate Encounters	1
Intrigue of Maroola	1
Miso Honey	2
Montecito	1
Purely Blue	1
Scarlet Harem	4
Silks on Upton	1
Temple of Pleasures	1
The Viper Room	3
Utopia in Paradise	2
YiMi476	2
<b>TOTAL</b>	<b>32</b>

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
- 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, *Guidelines for prostitution advertising* 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 2009-10. 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 PETF 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 *Guidelines for prostitution advertising*.

# 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.

The Authority's fact sheet series (along with its client service charter) is integral to its communications strategy. They assist interested parties in understanding the work of the PLA and the requirements for involvement in the sex industry. 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. In 2010-11, the PLA will review and update its fact sheet series, assuming that the Prostitution and Other Acts Amendment Bill is passed by the Parliament.

This year, the PLA had a stand at Sexpo to distribute information about its work, brothel licensing, the legal framework for prostitution in Queensland, and sexual health.

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.

## PLA community education campaign

Section 101(l) of the Prostitution Act provides that it is a legislative function of the PLA to raise in the community and in sex workers awareness of issues about prostitution. An independent research report commissioned by the PLA, *Selling Sex; Regulating Prostitution in Queensland*, found that clients of sex workers had a lack of knowledge about the legal framework for prostitution in Queensland and advocated that there was a need to educate the community about what is legal and illegal. The report also said that sex workers demonstrated a lack of understanding of the legal framework in the state. The response of the PLA was to engage in a focused community education campaign in major newspapers across the state. It ran a notice in the adult column of the classifieds section of 14 newspapers in all major areas of the state, including Brisbane, Toowoomba, Rockhampton, Cairns, and Mount Isa. Translated notices also appeared in a number of ethnic newspapers. The notice described the two legal forms of prostitution in the state, gave examples of illegal forms of prostitution, invited individuals who wanted more information to go to the PLA website, and advised how people could make complaints about suspected illegal prostitution activities.

The community education campaign lasted for 12 weeks based on advertising once each week for the first two weeks and then fortnightly thereafter. Accordingly, there was seven weeks of advertising over a 12 week period. The campaign commenced in the week starting 4 October 2009 and ceased in the week starting 20 December 2009. In addition to educating the community about the legal framework for prostitution and facilitating complaints about suspected illegal prostitution, the campaign might also have had other benefits in terms of increasing



client uptake of legal prostitution services. In 2010-11, the PLA is proposing to repeat the education campaign, including expanding it to include details about the legal requirement to use prophylactics for all acts of prostitution involving oral sex or sexual intercourse. Recent research in Queensland and in another Australian jurisdiction has shown that despite the inherent risks, there are high client demands for unsafe sex.<sup>6</sup>

### The PLA website

The PLA website is an important tool by which the Authority makes information available to the sex 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. The website also contains links to other sites that may be of interest to both the industry and the public. Most months there are more than 500 visitors to the PLA website.

### Communicating with the sex industry

In early 2010, a new peer-based Queensland sex worker body, funded by Queensland Health, was formed. The organisation is called Respect Inc, and it is the successor body to Self-health for Queensland Workers in the Sex Industry (SQWISI). Its role is to deliver education, information, and advocacy services to sex workers throughout the state. The PLA is committed to ongoing engagement with Respect and in this spirit staff of the Office of the PLA have had a number of meetings with Respect staff. To date, the PLA has provided Respect with assistance in the form of advice and information, as well as copies of its publications.

The Authority has also identified the need to better cater for the needs of CALD sex workers. During the

year, it commenced drafting a brochure specifically for CALD sex workers. The PLA consulted extensively with stakeholders throughout this process, including with other government agencies, Respect Inc, and the Ethnic Communities Council of Queensland. It is planned that the brochure will be translated into Chinese, Korean, and Thai. Assuming that the Prostitution and Other Acts Amendment Bill is enacted, the brochure will be published in 2010-11. It is also proposed to have a number of the fact sheets in the PLA fact sheet series translated into Chinese, Korean, and Thai to make them more accessible to CALD sex workers and this is likely to occur in 2010-11.

*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 Prostitution 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.

The Authority 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,

<sup>6</sup> Anne Edwards, *Selling Sex; Regulating Prostitution in Queensland* (PLA, 2009) and Sharon Pickering, et. al., *Working in Victorian Brothels* (Consumer Affairs Victoria, 2009).

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 February 2010, a licensee addressed the PLA in respect of concerns about the extent of illegal Asian prostitution in the state and its impact on the licensed sex industry.

Throughout 2009–10, 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. 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.

■ **Table 12:** Key stakeholders attending meetings with the PLA 2009–10

Group	Number
Licensees and managers, applicants, potential applicants	33
QPS	30
Other government agencies	28
Respect Inc	3
Media	0
Ministerial	2
Members of the public/students	6
<b>TOTAL</b>	<b>102</b>

### **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. Staff of the Office of the PLA are highly trained and skilled in the work that they undertake. They specialise in areas such as finance, administration, policy, research, audit and compliance processes. The Office of 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.

The Office of the PLA's current complement of staff consists of seven full-time employees and one part-time employee (table 13). Currently there are two vacant positions. Most of the staff are women.

■ **Table 13:** Full-time office of the PLA staff

Staff category	Female	Male
SES2	1	
A07–A08	2	1
A04–A06	1	1
A02–A03	1	
<b>TOTAL</b>	<b>5</b>	<b>2</b>

In 2009-10, one position was made redundant. The person occupying this position received a redundancy package of \$104,861.21. This comprised a severance payment of \$90,921.21 and an incentive payment of \$13,940. There were no retrenchments or early retirement schemes.

During the year, the Office of the PLA had a permanent retention rate of 87.5 percent and a permanent separation rate of 12.5 percent.

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

The PLA's success depends on building the capability of its workforce. 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 training programs throughout the year.

Due to the small number of staff, the Office of 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.

There was no overseas travel undertaken by either members of the PLA or staff of the Office of the PLA in 2009-10.

## Finance and administration

The finance and administration section of the Office 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. Finance and administration also has a key role in the development and implementation of effective resource management.

During 2009-10, 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 Office of the PLA staff, access is available to employee assistance services

provided by the QPS. The office'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 2009-10.



## 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:

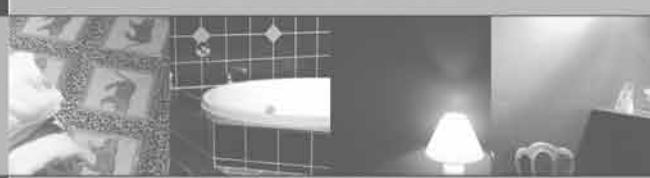
- brothel applicants
- manager applicants
- compliance activities
- development applications for licensed brothels
- brothel premises information.

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

## Priorities for 2010-11

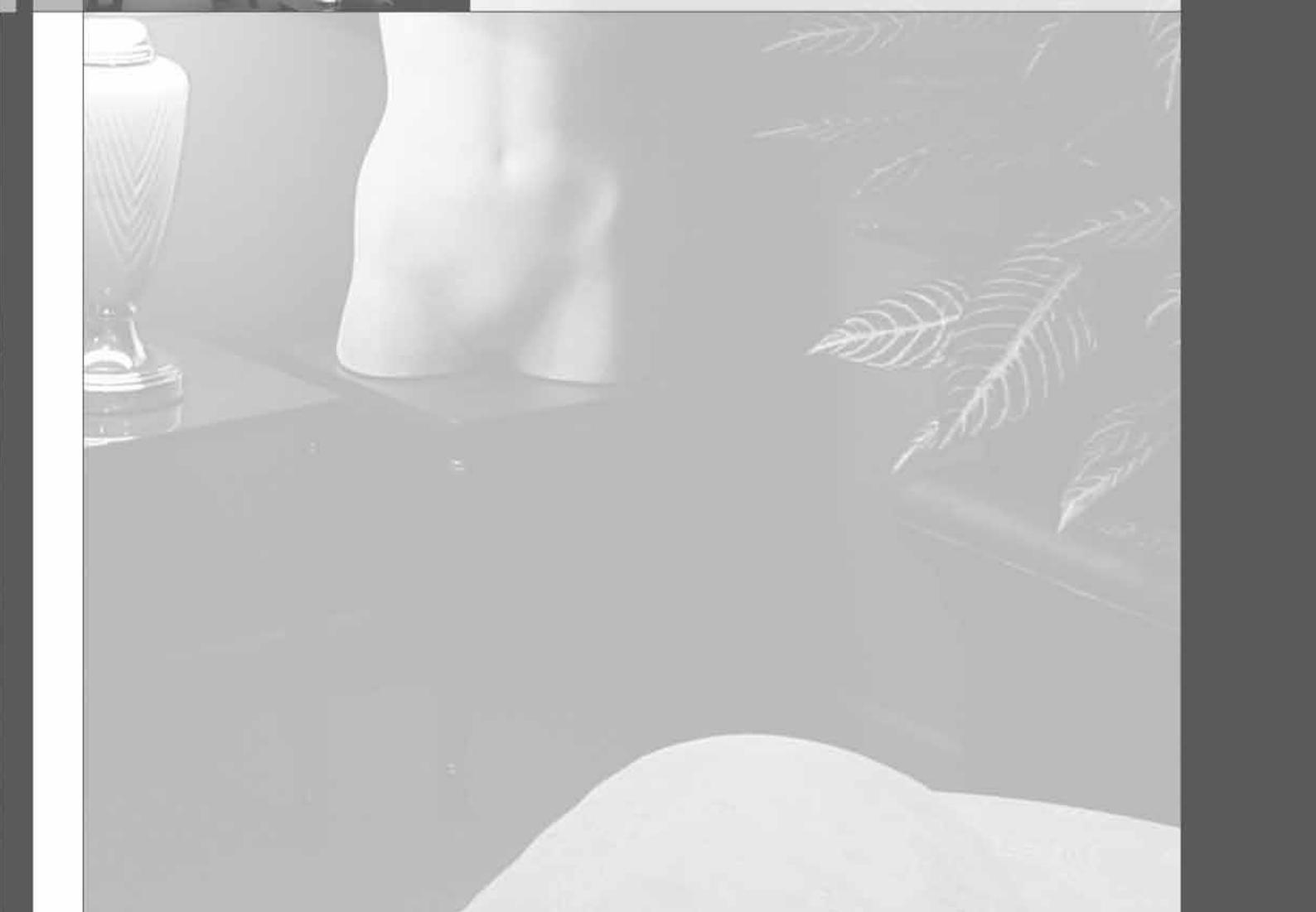
During 2010-11, the PLA will seek to progress the following initiatives:

- Development of a code of practice for sex worker accommodation at licensed brothels and for CALD sex workers
- Continuation of the PLA community education campaign, including expanding it to include messages about the legal requirement for acts of prostitution to be accompanied by safer sex practises
- Implement any changes arising from the enactment of the Prostitution and Other Acts Amendment Bill, including developing *Guidelines for social escort services advertising* and making any necessary amendments to the *Guidelines for prostitution advertising*
- Review best practice standards appropriate to the operations of licensed brothels and brothel licence conditions for relevancy and consistency
- Contribute to any review of the Prostitution Act
- Publish a specific CALD sex worker brochure in English as well as three Asian languages
- Review and update the PLA fact sheet series and have a selection of fact sheets translated into three Asian languages
- Engage with the Minister on enhancements to the regulatory framework for the licensed sex industry
- Actively engage with our stakeholders
- Implement the PLA Retention and Disposal Schedule.





## Financial statements



## **Prostitution Licensing Authority Financial Statements 2009-10**

### **Contents**

	Page No.
Statement of Comprehensive Income	47
Statement of Financial Position	48
Statement of Changes in Equity	49
Statement of Cash Flows	50
Notes To and Forming Part of the Financial Statements	51
Management Certificate	69

### **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](mailto:plaadmin@iprimus.com.au) or visit the PLA's Internet site [www.pla.qld.gov.au](http://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**  
**Statement of Comprehensive Income**  
**for the year ended 30 June 2010**

	Notes	2010 \$	2009 \$
<b>Income from Continuing Operations</b>			
<b>Revenue</b>			
User charges and fees	2	733,598	842,228
Grants and other contributions	3	429,000	590,000
Other revenue	4	39,756	53,657
<b>Total Income from Continuing Operations</b>		<b>1,202,354</b>	<b>1,485,885</b>
<b>Expenses from Continuing Operations</b>			
Employee expenses	5	752,822	762,378
Supplies and services	6	254,669	344,593
Rental expenses		196,754	195,277
Depreciation	7	35,507	27,718
Other expenses	8	77,548	66,853
<b>Total Expenses from Continuing Operations</b>		<b>1,317,300</b>	<b>1,396,819</b>
<b>Operating Result from Continuing Operations</b>		<b>(114,946)</b>	<b>89,067</b>

*The accompanying notes form part of these statements.*

**PROSTITUTION LICENSING AUTHORITY**  
**Statement of Financial Position**  
**as at 30 June 2010**

	Notes	2010 \$	2009 \$
<b>Current Assets</b>			
Cash and cash equivalents	9	911,407	1,018,405
Receivables	10	11,806	26,493
Other	11	7,987	4,456
<b>Total Current Assets</b>		<b>931,200</b>	<b>1,049,354</b>
<b>Non Current Assets</b>			
Property, plant and equipment	12	83,309	117,946
<b>Total Non Current Assets</b>		<b>83,309</b>	<b>117,946</b>
<b>Total Assets</b>		<b>1,014,509</b>	<b>1,167,299</b>
<b>Current Liabilities</b>			
Payables	13	140,061	135,324
Accrued employee benefits	14	55,450	226,607
Other	15	134,571	22,807
<b>Total Current Liabilities</b>		<b>330,082</b>	<b>384,737</b>
<b>Non Current Liabilities</b>			
Accrued employee benefits	14	54,036	37,226
<b>Total Non Current liabilities</b>		<b>54,036</b>	<b>37,226</b>
<b>Total Liabilities</b>		<b>384,118</b>	<b>421,962</b>
<b>Net Assets</b>		<b>630,391</b>	<b>745,337</b>
<b>Equity</b>			
Accumulated surpluses		630,391	745,337
<b>Total Equity</b>		<b>630,391</b>	<b>745,337</b>

*The accompanying notes form part of these statements.*

**PROSTITUTION LICENSING AUTHORITY**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2010**

	<b>Notes</b>	<b>2010</b> \$	<b>2009</b> \$
<b>Balance as at 1 July</b>		745,337	656,270
Operating Result from Continuing Operations		(114,946)	89,067
<b>Balance as at 30 June</b>		<b><u>630,391</u></b>	<b><u>745,337</u></b>

*The accompanying notes form part of these statements.*

**PROSTITUTION LICENSING AUTHORITY**  
**Statement of Cash Flows**  
**for the year ended 30 June 2010**

	Notes	2010 \$	2009 \$
<b>Cash flows from operating activities</b>			
<i>Inflows:</i>			
User charges and fees		845,362	719,232
Grants and other contributions		429,000	420,000
GST input tax credits from ATO		59,860	53,523
GST collected from customers		5,632	6,773
Interest receipts		38,844	57,089
<i>Outflows:</i>			
Employee expenses		(898,325)	(620,277)
Supplies and services		(449,651)	(447,931)
GST paid to suppliers		(55,470)	(59,069)
GST remitted to ATO		(5,632)	(6,773)
Other		(60,638)	(60,955)
<b>Net cash provided by (used in) operating activities</b>	16	<b>(91,018)</b>	<b>61,613</b>
<b>Cash flows from investing activities</b>			
<i>Inflows:</i>			
Sales of property, plant and equipment		56,318	67,727
<i>Outflows:</i>			
Payments for property, plant and equipment		(72,298)	(63,929)
<b>Net cash provided by (used in) investing activities</b>		<b>(15,980)</b>	<b>3,798</b>
Net increase (decrease) in cash held		(106,998)	65,411
Cash at beginning of financial year		1,018,405	952,994
<b>Cash and cash equivalents at end of financial year</b>	9	<b>911,407</b>	<b>1,018,405</b>

*The accompanying notes form part of these statements.*

**PROSTITUTION LICENSING AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10**

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**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 2009-10, 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 until 1 December 2009 when the Office of the Independent Assessor was abolished and its functions subsumed by the newly created Queensland Civil and Administrative Tribunal (QCAT).

**1. Summary of Significant Accounting Policies**

**(a) Statement of Compliance**

The Prostitution Licensing Authority has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Treasury's Minimum Reporting Requirements for the year ending 30 June 2010, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Prostitution Licensing Authority has applied those requirements applicable to not-for-profit entities, as the Prostitution Licensing Authority is a not-for-profit Authority. 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, Penalties and Fines**

Application fees for licences and certificates, annual return fees for licences and certificates, fees for licences and certificates granted, penalties and fines are recognised as revenues when the applications have been approved by the Board of the PLA. Other user charges are recognised as revenues when invoices for the related services are issued.

The PLA does not collect administered revenue.

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10**

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**(d) Grants and Contributions**

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

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

**(e) Cash and Cash Equivalents**

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

**(f) Receivables**

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. 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 2010.

The PLA does not have other debtors.

**(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 change 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*.

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10**

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

**(i) Revaluations of Non-Current Physical Assets**

Plant and equipment, including leasehold improvements, are measured at cost in accordance with *Treasury's Non-Current Asset Policies for the Queensland Public Sector* and as such no revaluations are required.

The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

**(j) 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:

<b>Class</b>	<b>Rate %</b>
Plant and equipment	10-33.3%

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10**

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**(k) Leases**

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

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

The PLA held no finance leases at 30 June 2010.

**(l) Payables**

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

**(m) Financial Instruments**

*Recognition*

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

*Classification*

Financial instruments are classified and measured as follows:

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

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 or loss.

All other disclosures relating to the measurement basis and financial risk management of other financial instruments held by the PLA are included in Note 19.

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10**

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**(n) Employee Benefits**

Employer superannuation contributions and long service leave levies are regarded as employee benefits.

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.

*Wages, Salaries, Annual Leave and Sick Leave*

Wages, salaries and recreation leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

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.

*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*.

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10**

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**(n) Employee Benefits (cont'd)**

*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.

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.

**(o) 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.

**PROSTITUTION LICENSING AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10**

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**(p) Insurance**

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

**(q) 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 an expense.

**(r) 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.

**(s) 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).

**(t) Issuance of Financial Statements**

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

**(u) Judgements and Assumptions**

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

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.

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10**

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**(v) 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.

**(w) New and Revised Accounting Standards**

The PLA did not voluntarily change any of its accounting policies during 2009-10. Those new and amended Australian accounting standards that were applicable for the first time in the 2009-10 financial year and that had a significant impact on the PLA's financial statements are as follows:

The PLA complied with the revised AASB 101 *Presentation of Financial Statements* as from 2009-10. This revised standard does not have any measurement or recognition implications. Pursuant to the change of terminology used in the revised AASB 101, the Balance Sheet is now re-named to the Statement of Financial Position, and the Cash Flow Statement has now been re-named to Statement of Cash Flows. The former Income Statement has been replaced by a Statement of Comprehensive Income. In line with the new concept of 'comprehensive income', the bottom of this new statement contains certain transactions that previously were detailed in the Statement of Changes in Equity. The PLA did not have any "Other Comprehensive Income" to report. The Statement of Changes in Equity now only includes details of transactions with owners in their capacity as owners, in addition to the total comprehensive income for the relevant components of equity.

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, there were no new or amended Australian accounting standards with future commencement dates may have a material impact on the PLA.

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10**

	2010 \$	2009 \$
<b>2. User charges and fees</b>		
Fees for licences	478,975	636,074
Fees for licence applications	158,404	130,500
Fees for certificates	4,912	4,987
Fees for certificate applications	79,313	69,280
Other fees	11,994	1,386
<b>Total</b>	<b><u>733,598</u></b>	<b><u>842,228</u></b>
<b>3. Grants and Other Contributions</b>		
Government operating grant	429,000	590,000
	<b><u>429,000</u></b>	<b><u>590,000</u></b>
<b>4. Other Revenue</b>		
Interest	39,756	53,657
<b>Total</b>	<b><u>39,756</u></b>	<b><u>53,657</u></b>
<b>5. Employee Expenses</b>		
<b>Employee Benefits</b>		
Wages and salaries	661,344	680,405
Employer superannuation contributions*	72,449	61,641
Long service leave levy*	10,811	9,229
Other	6,800	10,234
<b>Total</b>	<b><u>751,404</u></b>	<b><u>761,509</u></b>
<b>Employee Related Expenses</b>		
Workers' compensation premium *	1,418	870
<b>Total Employee Expenses</b>	<b><u>752,822</u></b>	<b><u>762,378</u></b>

\*Refer to Note 1(n).

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

	2010	2009
Number of Employees:	7	8

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10**

	2010	2009
<b>5. Employee Expenses (cont'd)</b>		
<i>Executive Remuneration</i>		
The number of senior executives who received or were due to receive total remuneration of \$100,000 or more:		
\$160,000 to \$179,999	-	1
\$180,000 to \$199,999	1	-
<b>Total</b>	<b>1</b>	<b>1</b>
	2010	2009
	\$	\$
Total remuneration of executive shown above	183,704	177,459

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	47,198	157,980
Supplies and consumables	34,378	69,251
Travel	11,949	11,907
Repairs and maintenance	19,287	23,756
Communications	14,563	13,644
Department of Police corporate service charges	24,831	24,143
Public utilities	13,424	10,245
Legal services	59,534	12,880
Other	29,506	20,785
<b>Total</b>	<b>254,669</b>	<b>344,593</b>

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10**

	2010 \$	2009 \$
<b>7. Depreciation</b>		
Depreciation was incurred in respect of:		
Plant and equipment	35,507	27,718
<b>Total</b>	<b><u>35,507</u></b>	<b><u>27,718</u></b>

**8. Other Expenses**

Insurance premiums	3,463	3,140
Auditor's remuneration - external audit services*	13,727	11,200
Chairman and Members' fees <sup>#</sup>	44,367	47,234
Losses from disposal of property, plant and equipment	15,110	4,798
Other	881	481
<b>Total</b>	<b><u>77,548</u></b>	<b><u>66,853</u></b>

\*Total external audit fees relating to the 2009-10 financial year are estimated to be \$12,600 (2009: \$11,200). There are no non-audit services included in this amount.

<sup>#</sup> Refer to note 20

**9. Cash and Cash Equivalents**

Imprest account	300	300
Cash at bank		
<b>Total</b>	<b><u>911,107</u></b>	<b><u>1,018,105</u></b>
	<b><u>911,407</u></b>	<b><u>1,018,405</u></b>

Interest earned on cash held with the Commonwealth Bank earned between 2.85% and 4.35% in 2010 (2009: 2.85% to 7.10%).

**10. Receivables**

<b>Current</b>		
GST receivable	7,036	8,602
Interest receivable	3,392	2,481
LSL claim receivable	-	14,410
Other	1,377	1,000
<b>Total</b>	<b><u>11,806</u></b>	<b><u>26,493</u></b>

**11. Other Current Assets**

Prepayments	7,987	4,456
<b>Total</b>	<b><u>7,987</u></b>	<b><u>4,456</u></b>

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10**

	2010 \$	2009 \$
<b>12. Property, Plant and Equipment</b>		
Plant and equipment		
At cost	286,650	290,061
Less: Accumulated depreciation	<u>(203,342)</u>	<u>(172,115)</u>
<b>Total</b>	<b><u>83,309</u></b>	<b><u>117,946</u></b>

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**

Carrying amount at 1 July	117,946	154,260
Acquisitions	72,298	63,929
Disposals	(71,429)	(72,525)
Depreciation	(35,506)	(27,718)
<b>Carrying amount at 30 June</b>	<b><u>83,309</u></b>	<b><u>117,946</u></b>

The PLA has leasehold improvements with an original cost of \$180,065 and a written down value of zero as a result of the expiration of the operating lease on 9 June 2010. The leasehold improvements were purchased to provide office facilities for the PLA. The PLA has since re-negotiated the operating lease which commenced on 10 June 2010 and will expire on 9 June 2014. Consequently the leasehold improvements are still being used in the provision of services.

The PLA has plant and equipment with an original cost of \$23,847 and a written down value of zero still being used in the provision of services. 62 percent of these assets with a gross cost of \$14,847 are expected to be replaced in 2010-11 with the remaining 38% to be replaced in the 2011-12 financial year.

**13. Payables**

<b>Current</b>		
Trade creditors and accruals	140,061	135,324
<b>Total</b>	<b><u>140,061</u></b>	<b><u>135,324</u></b>

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10**

	2010 \$	2009 \$
<b>14. Accrued Employee Benefits</b>		
<b>Current</b>		
Recreation leave	53,428	33,007
Wages outstanding	-	183,678
Long service leave levy payable	-	975
Other	2,022	8,948
<b>Total</b>	<b><u>55,450</u></b>	<b><u>226,607</u></b>
<b>Non-Current</b>		
Recreation leave	54,036	37,226
<b>Total</b>	<b><u>54,036</u></b>	<b><u>37,226</u></b>

The discount rates used to calculate the present value of non-current recreation leave are 4.4% and 4.5% (2009: 4% and 4.6%).

**15. Other Current Liabilities**

**Fees received in advance\***

Fees for licences received in advance	132,972	21,500
Fees for certificates received in advance	1,599	1,307
<b>Total</b>	<b><u>134,571</u></b>	<b><u>22,807</u></b>

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

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

Operating surplus/(deficit)	(114,946)	89,067
Depreciation	35,507	27,718
Loss on sale of property, plant and equipment	15,110	4,798
Change in assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	1,566	(5,546)
(Increase)/decrease in other receivables	(1,288)	4,788
(Increase)/decrease in prepayments	(3,531)	(2,833)
(Increase)/decrease in LSL receivable	14,410	(14,410)
Increase/(decrease) in fees received in advance	111,764	(122,996)
Increase/(decrease) in payables and accruals	4,738	94,516
Increase/(decrease) in accrued employee benefits	(154,346)	156,512
Increase/(decrease) in unearned grant revenue	-	(170,000)
<b>Net cash from operating activities</b>	<b><u>(91,018)</u></b>	<b><u>61,613</u></b>

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10**

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	2010 \$	2009 \$
<b>17. Commitments for Expenditure</b>		
<b>Non-Cancellable Operating Lease</b>		
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:		
Not later than one year*	203,566	199,837
Later than one year and not later than five years	635,281	-
Later than five years	-	-
<b>Total commitments</b>	<b>838,847</b>	<b>199,837</b>

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.

\*The operating leases expired on 9 June 2010. The PLA has entered a new lease to continue the tenancy for a further four years.

**18. Contingencies**

**(a) Litigation in progress**

On 23 June 2010 the Court of Appeal delivered its judgement on an appeal made by the PLA on their original decision to suspend a brothel licence. The judgement was adverse to the PLA with the appeal dismissed with costs. At this point in time it is not possible to estimate the quantum of these costs.

**(b) Financial Guarantees**

The PLA had provided no guarantees at 30 June 2010.

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10**

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**19. Financial Instruments**

**(a) Categorisation of Financial Instruments**

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

Category	Note	2010 \$	2009 \$
<b>Financial Assets</b>			
Cash and cash equivalents	9	911,407	1,018,405
Receivables	10	11,806	26,493
<b>Total</b>		<b><u>923,213</u></b>	<b><u>1,044,897</u></b>
<b>Financial Liabilities</b>			
Payables	13	140,061	135,324
<b>Total</b>		<b><u>140,061</u></b>	<b><u>135,324</u></b>

**(b) Financial Risk Management**

PLA's activities expose it to a variety of financial risks - 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 2009-10**

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**19. Financial Instruments (cont'd)**

**(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:

Financial Assets	Note	Maximum Exposure to Credit Risk	
		2010	2009
		\$	\$
Cash	9	911,407	1,018,405
Receivables	10	11,806	26,493
<b>Total</b>		<b>923,213</b>	<b>1,044,897</b>

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 Statement of Financial Position.

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 undiscounted cash flows relating to the liabilities at reporting date.

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2009-10**

**(d) Liquidity Risk (cont'd)**

<b>Financial Liabilities</b>	Note	<b>2010 Payable in</b>			<b>Total</b>
		<b>&lt;1 year</b>	<b>1-5 years</b>	<b>&gt;5 years</b>	
		\$	\$	\$	
Payables	13	140,062	-	-	140,062
<b>Total</b>		<b>140,062</b>	-	-	<b>140,062</b>

<b>Financial Liabilities</b>	Note	<b>2009 Payable in</b>			<b>Total</b>
		<b>&lt;1 year</b>	<b>1-5 years</b>	<b>&gt;5 years</b>	
		\$	\$	\$	
Payables	13	135,324	-	-	135,324
<b>Total</b>		<b>135,324</b>	-	-	<b>135,324</b>

**(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.

**(f) Interest Rate Sensitivity Analysis**

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

<b>Financial Instruments</b>	Carrying Amount \$	<b>2010 Interest rate risk</b>			
		<b>-1%</b>		<b>+1%</b>	
		<b>Profit \$</b>	<b>Equity \$</b>	<b>Profit \$</b>	<b>Equity \$</b>
Cash	911,407	(9,114)	(9,114)	9,114	9,114
<b>Overall effect on profit and equity</b>		<b>(9,114)</b>	<b>(9,114)</b>	<b>9,114</b>	<b>9,114</b>

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

**(g) 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 2009-10**

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**20. 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:

	<b>2010</b>	<b>2009</b>
Nil	4	3
\$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	1,872	2,310
Ms A Bennison OAM	1,434	2,549
Ms A Murphy	2,828	3,226
Ms W Edmond*	1,633	2,549
Ms L Palmen AM#	-	-
Dr D Rowling	-	-
Mr J Callinan (Crime and Misconduct Commission)	-	-
Assistant Commissioner P Barron (QPS)	-	-
<b>Total remuneration</b>	<b>44,367</b>	<b>47,234</b>

\* Ms W Edmond retired on 7 December 2009

# Ms L Palmen AM was appointed to the PLA on 3 June 2010

## CERTIFICATE OF THE PROSTITUTION LICENSING AUTHORITY

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for the establishing 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 2010 and of the financial position of the PLA at the end of that year.



MARGARET ISAAC

Executive Director

Date 26.08.2010



MANUS BOYCE

Chairman

Date 26-8-2010

## 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 Prostitution Licensing Authority which comprises the statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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.

#### *The Board's Responsibility for the Financial Report*

The Board is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

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

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

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

*Independence*

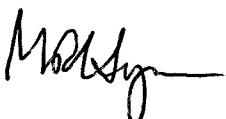
The Auditor-General Act 2009 promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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 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 *Audit-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 2009 to 30 June 2010 and of the financial position as at the end of that year.



M R HYMAN CA  
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office  
Brisbane



# Appendix 1

Towns where approval has been granted by the Minister 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	Cooyer	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	Glenlee	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	

# Index

- Advertising prostitution–18, 35, 36
- Brothel licence conditions–3, 22, 31, 32, 36, 43
- Crime and Misconduct Commission–3, 18,
- Code of Conduct–23
- Communication strategy–42, 43, 44, 45
- Complaint management–39
- Compliance officers–18, 31
- Development approval–28, 29, 30
- Exempt towns–30
- Finance and Administration Manual–3, 23
- In Touch–5, 38, 39
- Independent Assessor–30, 3
- Internal audit–24
- Licensed brothels–18, 27, 37
- Overseas travel –46
- PETF–3, 31, 35, 36
- PLA website–20, 22, 23, 37, 38, 39, 42,
- Police entries–35
- Probitry Investigation Manual–3, 23
- Procurement Plan–22
- Public interest disclosures–23
- QPS–3, 14, 15, 22, 36, 39, 41, 42
- Queensland Health–3, 5, 31, 38, 39,
- Risk management–23
- Sexpo–3, 37, 38
- Staff training–o
- Strategic Plan–22
- Workplace health and safety–8, 33

## Notes