

2018–2019  
ANNUAL  
REPORT



# Communication Objectives of this Report

The Prostitution Licensing Authority (PLA) Annual Report has been prepared to provide readers with a concise summary of the Authority's activities and performance during the 2018-19 year. Our Annual Report serves as the primary mechanism through which we meet our accountability and statutory reporting obligations.

With the needs of all stakeholders 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 contributes to the Queensland Government's objectives for the community
- 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
- inform readers of the ways that the PLA connects with 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



To implement the Queensland Government's commitment 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.

## Have your say

We hope you find our Annual Report 2018-19 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).

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# Letter of compliance

19 September 2019

The Honourable Mark Ryan MP  
Minister for Police and  
Minister for Corrective Services  
1 William Street  
Brisbane Qld 4000



**Prostitution  
Licensing Authority**

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2018-2019 and financial statements 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 found at page 67 of this annual report.

Yours sincerely



Walter H Tutt  
**Chairperson**  
**Prostitution Licensing Authority**

# Glossary

Authority	Prostitution Licensing Authority	PINs	Penalty infringement notices
CCC	Crime and Corruption Commission	PLA	Prostitution Licensing Authority
FAM	Finance and Administration Manual	QPS	Queensland Police Service
PIM	Probity Investigation Manual	the Act	<i>Prostitution Act 1999</i> (unless otherwise indicated)

# Message from the Chairperson

This is my second report as Chairperson of the Prostitution Licensing Authority (PLA), having been appointed from 13 October 2017 for a term of five years.

The PLA is a licensing and regulatory authority established by the *Prostitution Act 1999*, with the objective of ensuring that the operations of licensed brothels and prostitution advertising are regulated in accordance with statutory requirements and in the community interest. The Act primarily establishes a scheme for the operation of licensed brothels, with two critical functions of the Authority being to decide applications for brothel licences and approved managers' certificates and regulating and monitoring the provision of prostitution through licensed brothels. These functions are integral to ensuring a licensed brothel sector that is free of the influence of organised crime and corruption and one that promotes the health and safety of sex workers and clients and the broader community.

During 2018-19, the PLA maintained its high standard of industry regulation by comprehensive vetting of applicants for brothel licences and approved managers' certificates to ensure that only suitable persons may influence the operations of Queensland's brothels. A total of 123 licence and certificate applications were scrutinised throughout the year.

Rigorous audits and inspections of brothels are fundamental to the licensing framework in monitoring and achieving regulatory compliance. The outcomes of compliance activities show that licensees are mostly diligent in complying with their regulatory obligations and in rectifying any identified non-conformances, so that the State's brothels operate to a high standard. 148 compliance activities were undertaken throughout the year and 123 corrective actions were required. The overall commitment of licensees to upholding high standards at brothels, in conjunction with the Authority's preference to achieve compliance by education and cooperation, has meant that the PLA has rarely had to resort to holding disciplinary inquiries and taking disciplinary action. Last year, the PLA commenced a disciplinary inquiry in respect of a brothel licensee, which concluded this year. The PLA decided that there were grounds for taking disciplinary action, so that the licensee was reprimanded and ordered to pay a monetary penalty of \$8,250 into the Prostitution Licensing Authority Fund.

Although not formalised as a disciplinary inquiry, during the year the PLA required the attendance of two brothel licensees to discuss their attention to compliance matters and also of a brothel licensee and an approved manager to discuss matters relevant to their reputation, having regard to character, honesty and integrity. The Authority has found this approach to be a very effective compliance tool, with licensees generally adopting a constructive response to matters raised by Board members, which is evidenced by subsequent compliance visits. It is essential for licensees to realise that strict compliance with regulation benchmarks is an important criterion for consideration when licences are due for renewal.

In the 19 year history of the Authority, careful scrutiny of applicants and close monitoring of the operations of licensed brothels has ensured that there has been no confirmed instance of the infiltration of organised crime, the incidence of official corruption, or of human trafficking and associated offences such as slavery, servitude and debt bondage at any of the State's licensed brothels. Licensed brothels provide a safe and healthy environment for the conduct of prostitution and throughout the year the PLA continued to promote high standards of health and safety and prioritise the agency and freedom of choice of sex workers.

Licensed brothel numbers stabilised in 2018-19. There were neither any new brothels that commenced operation nor any existing brothels that ceased operation. The State's 20 brothels are almost entirely confined to South East Queensland, meaning that most geographic areas are not serviced by a licensed brothel. The major population centres of Townsville, Mackay, Rockhampton, Hervey Bay, Bundaberg and Gladstone are all without a licensed brothel.

The licensed sector represents only a small proportion of Queensland's sex industry, with most prostitution occurring outside of licensed brothels, whether lawfully by private (sole operator) sex workers or unlawfully by unlicensed brothels (massage parlours, in particular) and escort agencies. It is well established that licensed brothels provide a safe and healthy environment for the provision of prostitution, overseen by the Authority, whereas workers at unlawful enterprises are prone to unsafe working conditions, exploitation and violence, with few avenues of redress, for the very reason that such businesses are working outside the law.

Brothel licensees continue to inform the PLA of challenging trading conditions, citing economic factors and unfair competition with unlawful prostitution operators. Throughout the year, the PLA continued its engagement with the Queensland Police Service (QPS) about unlawful prostitution. The QPS, in particular the Prostitution Enforcement Taskforce, was successful during the year in achieving convictions of unlawful operators and the PLA welcomes that a serial offender against the State's prostitution laws was sentenced to a term of imprisonment. The PLA acknowledges the commitment and capacity of the QPS to target and disrupt criminal elements involved in organised unlawful prostitution activities in Queensland.

In 2019-20, the PLA continues to be well-placed to administer an efficient and effective brothel licensing and regulatory framework that achieves the objectives of the Prostitution Act, contributes to the Government's objectives for the community, and meets the expectations of the community.

I place on record the PLA's appreciation of the support given to it by the Minister for Police and Minister for Corrective Services, the Honourable Mark Ryan 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 the members of the PLA who each bring a range of knowledge and experience to their position, and contribute to the good functioning of the Authority. Finally, I thank the Executive Director of the Office of the PLA, Ms Margaret Isaac, and her support staff for their invaluable assistance and dedicated application to their work throughout the year.

Walter H Tutt  
**Chairperson**

# Message from the Executive Director

The work of the Office of the PLA underpins the proper functioning of the Authority. I take the opportunity to place on record my thanks to my colleagues for their efforts throughout the year.

In 2018-19, the Office continued to efficiently and effectively fulfil its statutory function of helping the Authority in the performance of its functions, including:

- conducting and facilitating probity investigations of applicants for brothel licences and approved managers' certificates
- the monitoring of the provision of prostitution through licensed brothels via the compliance program
- facilitating the conduct of disciplinary matters
- assisting the PLA to educate the community and sex workers about issues to do with prostitution
- communicating with stakeholders
- arranging meetings of the PLA and taking minutes
- provision of advice and recommendations to the PLA
- provision of briefs and other advice to the Minister for Police and Minister for Corrective Services
- responding to queries and correspondence
- taking and investigating complaints about the operations of licensed brothels
- 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 and for social escorts advertising.

In 2019-20, I look forward to working with the PLA, my colleagues, the licensed brothel sector, and the sex industry more generally to progress the regulation of the sector in the public interest.

Margaret Isaac  
**Executive Director**

# Welcome to the Prostitution Licensing Authority

## Our Purpose

The core role of the PLA is to administer the *Prostitution Act 1999* and the *Prostitution Regulation 2014*.

## Our Vision

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

## Our Values

Respect  
Integrity  
Health and safety  
Impartiality  
Responsiveness

The PLA will strive to:

- be respectful, open, honest and supportive in dealing with staff and clients
- promote a culture of quality service
- be responsive to industry issues in our decision-making processes
- promote an environment characterised by knowledge, with a culture of continuous improvement
- 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.

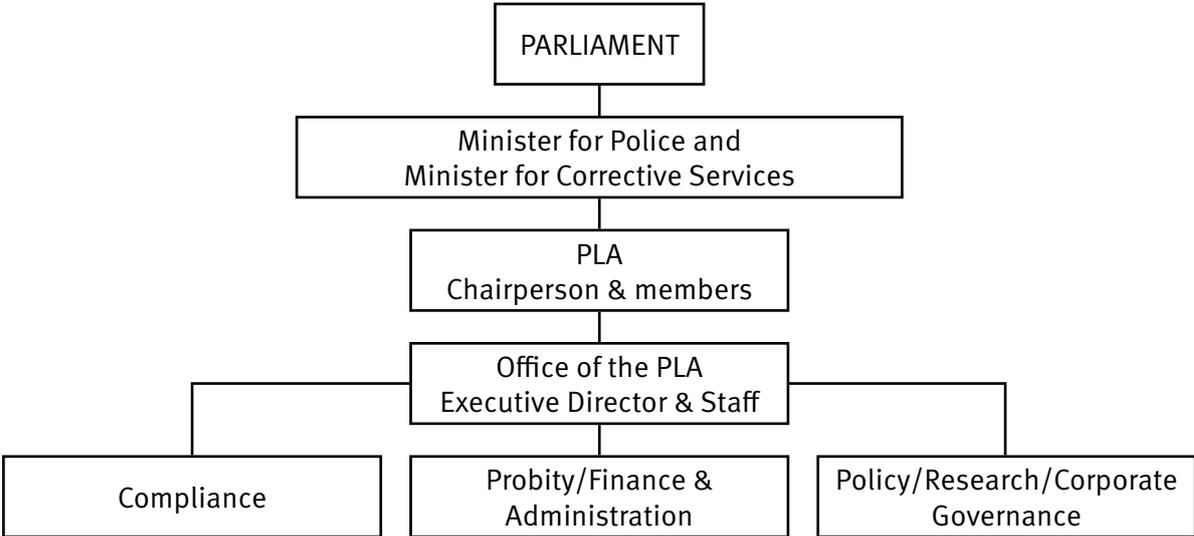
# Contribution to Government objectives for the community

The PLA contributes to the Queensland Government’s objective for the community, *Our Future State: Advancing Queensland’s Priorities*, particularly to be a responsive Government promoting integrity and accountability and to keep communities safe. The PLA does this by promoting safe and secure environments at licensed brothels, prioritising the agency of sex workers, and the sexual health of the community, and by monitoring compliance. The PLA is responsive to stakeholder feedback and input, liaises with other agencies about issues to do with prostitution and is focused on enhancing the legislative framework for prostitution.

## Reporting structure and organisation

The Prostitution Act 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 compliance; probity and 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, there are currently seven full-time equivalent employees, employed under the *Public Service Act 2008*. The PLA organisational structure provides for 10 staff in total, which is reflected in the budget, however, two positions remained vacant throughout the year, and the total number of full-time equivalent employees of the Office of the PLA as at 30 June 2019 was eight. 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 and Minister for Corrective Services, the Honourable Mark Ryan MP, and to the Parliament of Queensland.

Figure 1: PLA organisational structure



## The Prostitution Licensing Authority

The PLA was established by s. 100 of the Prostitution Act and officially began operation on 1 July 2000 when the Act became law in Queensland. Section 102 of the Act prescribes the Authority's membership, consisting of eight members, including:

- the Chairperson – an independent and appropriately qualified 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 Senior Executive Officer (Crime) of the Crime and Corruption Commission (CCC)
- 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 represent community interests.

## Role of the Prostitution Licensing Authority

As well as deciding applications for brothel licences and approved managers' certificates, 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 sex workers to leave prostitution; or
  - (iii) divert minors and other vulnerable persons from prostitution; or
  - (iv) raise awareness in sex workers, 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 awareness of issues about prostitution in sex workers, judicial officers, police, community workers and the community.

## **Current membership**

There are eight members of the PLA appointed by the Governor in Council, in accordance with s. 102(1) of the Prostitution Act.

### **Mr Walter Tutt, Chairperson**

Mr Walter Tutt was appointed as Chairperson of the PLA for a term of five years from 13 October 2017, pursuant to s. 102(1)(a) of the Prostitution Act. Mr Tutt has a long background in the law, having first been admitted as a Solicitor in 1965. He worked in private practice from then until 2004. The areas of law in which he has practised include: criminal law, administrative law, industrial law, insurance law, workers' compensation law, commercial common law litigation, and dispute resolution. In 2004, Mr Tutt was appointed a Judge of the District Court of Queensland and served in that position until his retirement in 2012. Mr Tutt continues to hold a current practising certificate. Mr Tutt is also a member of the Queensland Independent Remuneration Tribunal. He remains a member of the Royal Australasian College of Surgeons Road Trauma Committee, on which he has served since 1979.

### **Assistant Commissioner Paul Stewart APM (resigned 12 August 2018)**

Assistant Commissioner Paul Stewart APM was appointed to the PLA pursuant to s. 102(1)(b) of the Prostitution Act as a police officer of at least the rank of Superintendent nominated by the Commissioner. His term of appointment was for five years from 18 September 2015. On 12 August 2018, he resigned from the QPS after 36 years, in order to take up the role of Deputy Commissioner Community Corrections and Specialist Operations with Queensland Corrective Services. His appointment to the PLA ceased accordingly. He first joined the QPS in 1982 and prior to his resignation was Assistant Commissioner of People Capability Command, responsible for all QPS training. He was previously Assistant Commissioner of Community Contact Command and Assistant Commissioner of Information and Communications Technology. His background within the QPS was in the forensic science field, working throughout the State as a scientific officer and culminating in his role as the Superintendent, Forensic Services Branch from 2000 to 2007, involved in many major criminal investigations. He has a Bachelor of Science degree from Griffith University and has also been awarded a Master of Technology Management. He is a recipient of the Australian Police Medal, National Police Medal, National Medal and the Queensland Police Medal.

### **Assistant Commissioner Brian Codd APM**

Assistant Commissioner Brian Codd APM has been appointed to the PLA pursuant to s. 102(1)(b) of the Prostitution Act as a police officer of at least the rank of Superintendent nominated by the Commissioner. His term of appointment is for five years from 6 June 2019. He is currently Assistant Commissioner, State Crime Command, encompassing serious and organised crime capability, and with oversight of the Prostitution Enforcement Taskforce. He first joined the QPS in 1984 and has experience in general duties, investigations, covert policing, intelligence, education and training, disaster and emergency management, and command roles. He qualified as a Detective, Intelligence Analyst and Covert Surveillance Operative. Assistant Commissioner Codd has been a Commissioned Officer since 1998, undertaking a variety of command and leadership roles at the Queensland Police College and Academies, the Specialist Response Branch, the Crime and Misconduct Commission, and the Ethical Standards Command. In 2011, he was appointed Assistant Chair to the State Disaster Coordination Group and in 2014 he was appointed by the Premier as State Disaster Recovery Coordinator. In 2015, he was appointed as Assistant Commissioner, South Eastern Region, responsible for policing services for the Gold Coast and Logan. Assistant Commissioner Codd has undergraduate qualifications in Human Resource Management and Intelligence Practice and his postgraduate qualifications include a Graduate Diploma in Further Education and Training and a Master of Management (Leadership). In 2012, he was awarded an Australian Police Medal for distinguished service.

## **Ms Sharon Loder**

Ms Sharon Loder is the Senior Executive Officer (Crime) of the CCC. Ms Loder has been appointed to the PLA by virtue of this position, pursuant to s. 102(1)(c) of the Prostitution Act. Her term of appointment is for five years from 28 July 2017. Ms Loder has a Bachelor of Laws (QUT), a Bachelor of Business (HRM), and a Master of Laws (UQ). She was admitted as a Solicitor of the Supreme Court of Queensland in 1992 and since 2000 as a Barrister of the Supreme Court of Queensland and High Court of Australia. Ms Loder is a graduate member of the Australian Institute of Company Directors. She has many years experience in senior and executive positions in law enforcement or integrity commissions. These include her terms as Executive Director, Investigation Division at the NSW Independent Commission Against Corruption; as Executive Legal Officer and as Director, Misconduct Investigations at the Queensland Crime and Misconduct Commission; and as Manager of the Legal Unit, State Crime Operations Command, Queensland Police Service.

## **Dr Diane Rowling**

Dr Diane Rowling has been a member of the PLA since 2005. She is appointed pursuant to s. 102(1)(d) of the Prostitution Act as a health practitioner. Her current term of appointment is for five years from 22 November 2015. Dr 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. Dr Rowling has held community health positions in the Northern Territory and regional Queensland with a focus on indigenous health issues.

## **Mr Paul Tully**

Mr Paul Tully has been appointed to the PLA as a lawyer, pursuant to s. 102(1)(e) of the Prostitution Act. He was first appointed to the PLA on 3 October 2014. His current term of appointment is from 13 October 2017 for a term of five years. He has also been appointed, under s. 106A of the Act, to act as Chairperson during a vacancy in the office or during any period in which the Chairperson is absent from duty or otherwise cannot perform the functions of the office for a period of 12 months from 15 November 2018. Mr Tully is the Managing Director, Company Chair and Chief Executive Officer of McInnes Wilson Lawyers. He joined the firm as an Articled Clerk in 1985, was admitted as a solicitor of the Supreme Court of Queensland in July 1987 and made a partner of McInnes Wilson in May 1989. For the majority of his professional career, Mr Tully has practised in the area of litigation. He has a history of over 20 years specialising in public and products liability, motor vehicle claims, property damage and professional indemnity claims. Mr Tully is a Board member of the Queensland Law Society, a Director of Lexon Insurance, and Chair of the Queensland Rugby Union Judiciary.

## **Ms Margaret Grummitt**

Ms Margaret Grummitt has been appointed to the PLA as local government representative, pursuant to s. 102(1)(f) of the Prostitution Act. Her current term of appointment is for five years from 22 November 2015. She was first appointed to the PLA in November 2012. Ms Grummitt served as a Councillor on the Gold Coast City Council for 12 years, until her retirement at the March 2016 local government election. Prior to her local government service, Councillor Grummitt was a member of the QPS for 30 years. She is a strong advocate for socially disadvantaged and lower socioeconomic members of the community, and for young women entering the labour force. Since retiring, Ms Grummitt has taken up a diplomatic post as the Philippine Honorary Consul General in Brisbane.

## **Ms Lynette Palmen AM**

Ms Lynette Palmen AM has been appointed to the PLA as a community representative, pursuant to s. 102(1)(g) of the Prostitution Act. Her current term of appointment is for five years commencing from 13 October 2017. She was first appointed to the PLA in June 2004 but resigned in August 2006. She was subsequently reappointed in June 2010 and has served as a member of the PLA since then. Ms Palmen has a finance sector and community engagement background. She is the Founder of Women's Network Australia. Established in 1990, the organisation continues to provide support, consulting and mentoring for small business owners and entrepreneurs across Australia. In 2004, Ms Palmen received an 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.

## **Ms Frances de la Cuesta Hunt**

Ms Frances de la Cuesta Hunt has been appointed to the PLA as a community representative, pursuant to s. 102(1)(g) of the Prostitution Act. Her current term of appointment is for five years commencing from 13 October 2017. She first became a member of the PLA on 3 October 2014. In 1985, she was awarded a Doctor of Medicine degree from Saint Louis University in the Philippines. In 1995, she was awarded a Masters in Cross Cultural Missions and Bible from the Theological Centre for Asia in Singapore. In 2012, she was awarded a Masters of Health Studies in the Field of Addiction Studies from the University of Queensland. Since 2013, Ms de la Cuesta Hunt has been a Counsellor specialising in drugs, alcohol, addictions and related issues at Be Renewed Counselling and Community Services Pty Ltd. Since 2008, she has performed voluntary work as a Support Group Team Leader at Encourager Life Group, designing and implementing a program of reaching out and supporting troubled individuals including those suffering from drug and alcohol misuse, related issues and mental health issues. Since 2014, Ms de la Cuesta Hunt has been Program Coordinator of the Federation of Filipino Communities in Queensland Inc.

## **Meetings**

The PLA held 11 meetings in 2018-19. Details of individual member attendance at these meetings is at Appendix 1.

## **Remuneration**

The Chairperson and members of the PLA were collectively paid \$75,402 during 2018-19, as determined by the Governor in Council. This payment represents the total remuneration to the Chairperson and the members. Ex-officio members (that is, members who hold a paid State Government position) of the Authority do not receive additional remuneration for being a member of the PLA. Details of the individual remuneration paid to each member are at Appendix 1.

# 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 approved managers' certificates. The other major source of funds includes a Government grant received through an administered appropriation from the Queensland Police Service. The increase in fees revenue was mainly due to the timing of the lodgement of brothel licence applications.

Figure 2

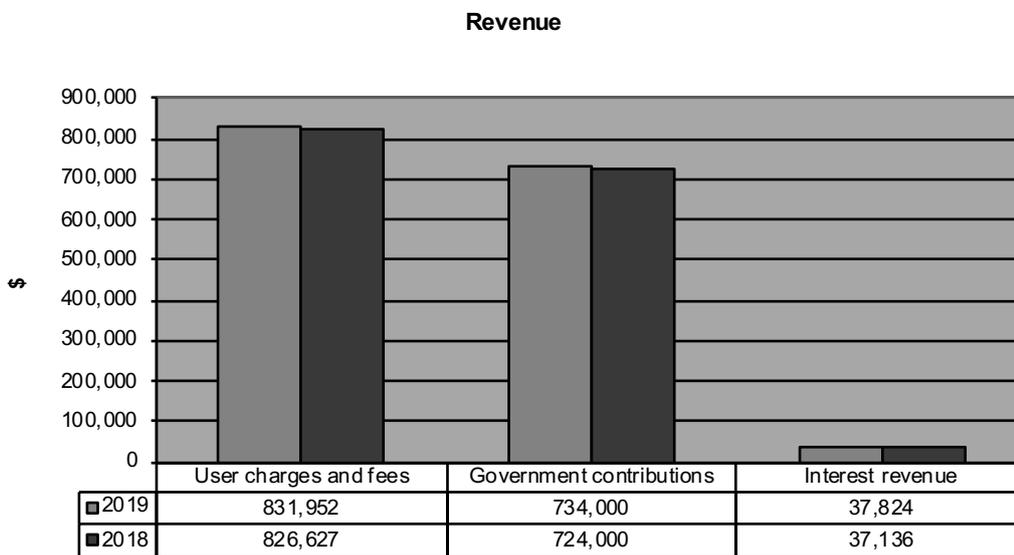
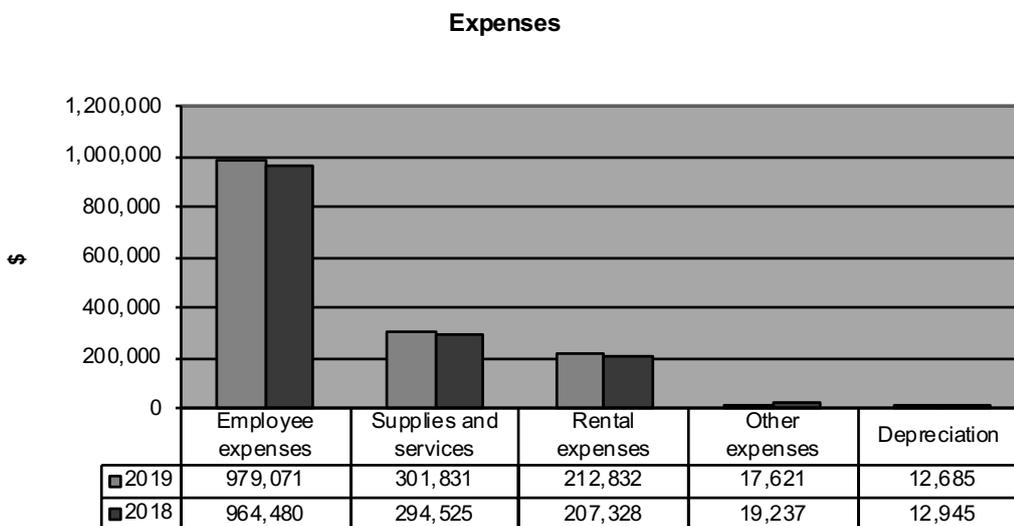


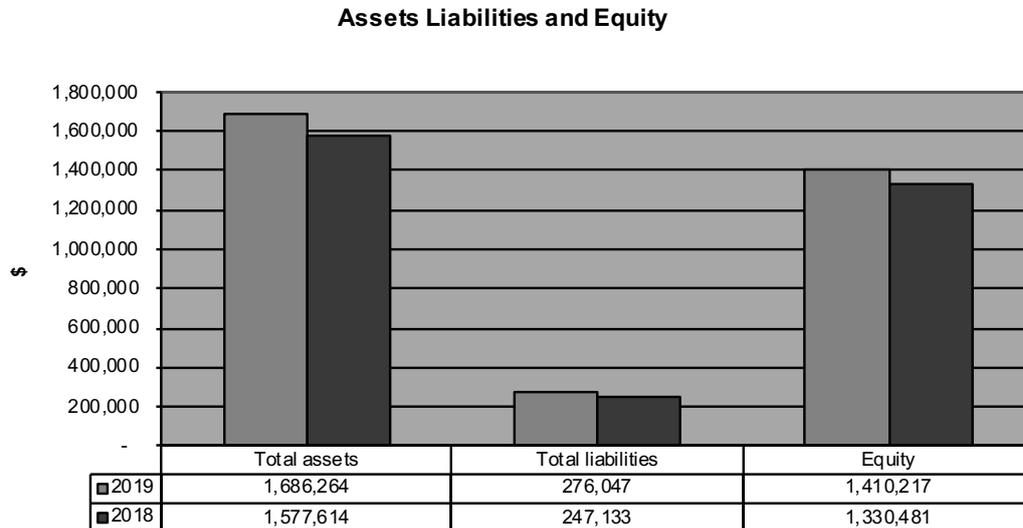
Figure 3



## Statement of Financial Position

The Statement of Financial Position measures the value of assets, liabilities and equity of the Authority as at 30 June 2019.

**Figure 4**



## Statement of Cash Flows

The Statement of Cash Flows measures the inflows and outflows of cash throughout 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 inflows include revenue from fees for brothel licences and approved managers' certificates and revenue from a Government grant. Significant outflows are employee expenses, supplies and services for operational requirements and payments for rent commitments. The year ended in an increase in cash from \$1,476,128 at 30 June 2018 to \$1,592,374 at 30 June 2019.

# Performance statement

The PLA has developed a number of ‘service standards’ 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.

**Table 1: Service standards 2018-19**

Prostitution Licensing Authority	Notes	2018-19 Target/Est.	2018-19 Actual
<b>Service standards</b>			
<i>Effectiveness measures</i>			
Percentage of licensed brothels implementing best practice standards	1	100%	100%
Satisfaction of applicants with PLA client service	2	95%	98%
Percentage of complaints resolved	3	95%	100%
<i>Efficiency measure</i>			
Fees income as a percentage of total budget	4	50%	52%

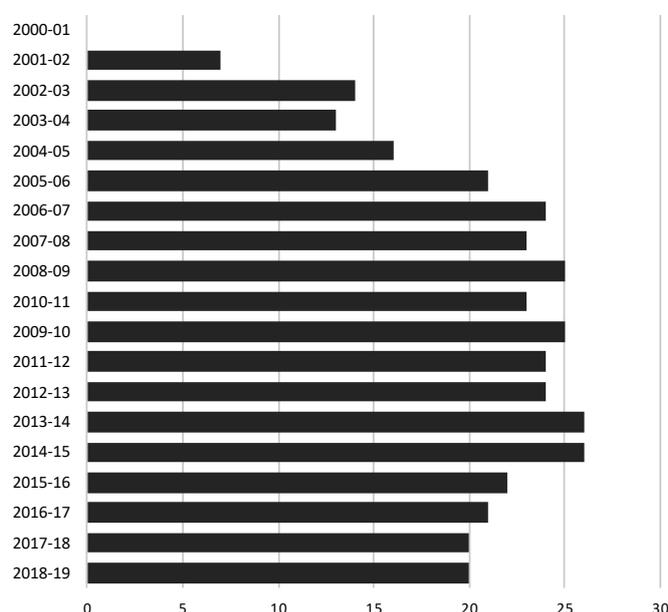
Notes:

1. This standard is measured by compliance audits of licensed brothels, with an audit rating of at least 80 per cent indicating implementation of best practice standards.
2. This standard is a measure of overall satisfaction.
3. This standard refers to the proportion of complaints received in the reporting year that are resolved within the reporting year.
4. This standard calculates user fees, in the form of brothel licence fees and approved managers’ certificate fees, as a percentage of total PLA revenue. It measures the extent to which the PLA is self-funding, which is contingent on the number of licensed brothels operating.

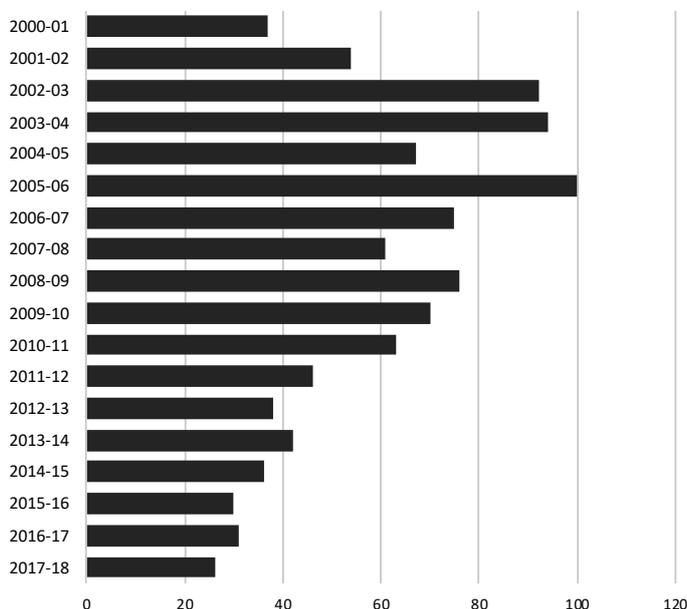
## Statistical highlights 2018-19

- 20 licensed brothels operating in Queensland at year end, the same as the previous year (figure 5).
- 26 brothel licence applications (comprising five new applications, 17 annual returns, and 4 renewal applications) and 97 applications for an approved manager’s certificate (comprising 27 new applications, 54 annual returns, and 16 renewal applications) (table 4).
- 18 police entries made to 10 licensed brothels (table 9).
- 23 complaints relating to prostitution (figures 6, 7, and 8).
- There have been no complaints in respect of licensed brothel impact on community amenity in the 19-year history of the PLA.
- 148 compliance activities and 123 corrective actions (table 8).

**Figure 5: Number of licensed brothels operating by year in Queensland at year end**



**Figure 6: Number of complaints received by year**



# The environment in which we operate

While there has been a long-term trend of declining licensed brothel numbers in Queensland, the sector stabilised in 2018-19. No new brothels opened nor did any existing brothels cease operation. At 30 June 2019, there were 20 licensed brothels, the same number as 2017-18. The State's brothels are almost exclusively found in South East Queensland, except for a single brothel operating in Cairns in the North of the State. This means that in many parts of Queensland, the only lawful option for both sex workers and clients is private (sole operator) sex work.

It is not possible to state precisely, but the licensed sector is only a small proportion of the overall sex industry. This means that only a small proportion of the industry is regulated under the licensing framework of the Prostitution Act and overseen by the Prostitution Licensing Authority. The remainder of the sex industry is either lawful in the form of private (sole operator) sex work or unlawful, predominantly by escort agencies and unlicensed brothels (generally so-called massage parlours). Licensed brothels provide a safe and healthy environment for the provision of prostitution, where the autonomy of sex workers and the sexual health of sex workers and clients is prioritised.

The Government has informed the Authority that it agrees that all Queenslanders should have healthy and safe working environments and it continues to monitor and consult on the effectiveness of the current regulatory approach.

Brothel licensees continue to inform the PLA of challenging trading conditions. The internet and disruptive innovation are impacting the more traditional brothel model of operations, as is the case with advertising generally. Prostitution advertising has overwhelmingly shifted from traditional media, such as newspapers, to online. It has made it much easier for individual sex workers to advertise conveniently, anonymously and at low cost, so that they can work privately (essentially operating their own business) rather than working from a brothel (for another person). 'Dating' applications have also facilitated likeminded consenting adults meeting for non-transactional casual sexual encounters.

During the year the PLA continued its engagement with the Queensland Police Service about unlawful prostitution and was active in communicating stakeholder concerns to that agency and in the referral of intelligence and relevant complaints. A QPS representative is a member of the PLA and acts as a conduit between the two agencies, especially in fostering awareness of stakeholder concerns and prioritising high-risk matters and complaints. The Authority continued to encourage its stakeholders to bring any evidence of unlawful prostitution activities to the attention of the police, because the more and detailed intelligence they have about these operators, the greater their ability to respond to stakeholder concerns by taking action against them.

The QPS, particularly the Prostitution Enforcement Taskforce, has been responsive to stakeholder concerns and successfully taken action against unlawful operators throughout the year. The Authority acknowledges the commitment and capacity of the QPS to target and disrupt criminal elements involved in organised unlawful prostitution activities in Queensland. For reasons of personal and general deterrence, the Authority welcomed the sentencing to a term of imprisonment of a serial offender against the State's prostitution laws.

# Priorities for 2019-20

Key priorities for the PLA in 2019-20 are to:

- continue to engage with the QPS about stakeholder concern over the extent and impact of unlawful prostitution operators
- engage with the Minister for Police and with other government agencies on the regulation of the State's sex industry
- contribute to any reviews or inquiries impacting on the PLA or the State's sex industry
- educate the community and stakeholders about issues to do with prostitution, including correcting common myths and misperceptions about the sex industry and challenging the persistent stigma of sex work
- promote ethical standards of staff conduct to minimise corruption risks.

# Our Corporate Governance Framework

## Appointment of PLA members

PLA members are appointed by the Governor in Council, pursuant to s. 102(1) of the Prostitution Act. Under s. 103 of the Act, the maximum term of appointment for a member is 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.

Additionally, the Minister may have regard to a person's extended criminal history or a change to their extended criminal history in deciding that the person should not be recommended for appointment or continue as a member of the Authority.

No members of the PLA were disqualified from continuing as a member throughout the year.

## 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 PLA's Strategic Plan and Operational Plan are reviewed and updated annually.

## Our strategic objectives

The Strategic Plan identifies the following strategic objectives.

Table 2

Objectives	Strategies	Performance indicators	Achievements
<b>To ensure an efficient and effective brothel licensing system.</b>	<p>Monitoring and improving licensing processes.</p> <p>Enhancing the legislative framework for prostitution in the State.</p> <p>Engagement with other agencies on the regulation of the sex industry.</p> <p>Responding to stakeholder feedback and input.</p>	Enhanced regulation of Queensland's sex industry.	The PLA continues to engage with the Government on the regulation of the State's sex industry.
<b>To have a licensed brothel sector that complies with the Prostitution Act and best practice standards.</b>	<p>Educate brothel licensees and approved managers about their regulatory obligations and the expectations of the PLA.</p> <p>Monitoring the provision of prostitution at all licensed brothels, including identification of non-conformances and imposition of corrective actions.</p> <p>Ensuring that brothel licence conditions are contemporary and adequately provide for the health and safety of sex workers, other staff, and clients.</p>	Implementation of best practice standards at all licensed brothels (an audit rating of at least 80%).	All licensed brothels have implemented best practice standards.
<b>To inform the sex industry, community and Minister for Police about relevant prostitution issues.</b>	<p>Publish and disseminate fact sheets, newsletters and other documents.</p> <p>Engage with stakeholders and other agencies, including the Queensland peer sex worker organisation, Respect Inc.</p> <p>Regular and timely communication with the Minister for Police.</p>	Regular production and dissemination of the PLA newsletter, <i>In Touch</i> .	The <i>In Touch</i> newsletter was published and disseminated to stakeholders 11 times throughout the year.

Objectives	Strategies	Performance indicators	Achievements
<p><b>To provide a safe, fair and productive workplace at the PLA.</b></p>	<p>Commitment to responsive service delivery.</p> <p>Invest in our people through training and development to meet the current and future needs of the PLA.</p> <p>Acknowledge and reward individual and team effort.</p>	<p>Rates of staff absenteeism that are comparable to the Queensland Public Service average.</p>	<p>Between 2004-05 and 2014-15, the average rate of sick leave across the public service was 7.01 days (Public Service Commission, <i>Serving Queensland: State of the sector workforce report 2015</i>).</p> <p>In 2018-19, the average number of sick days taken by staff of the Office of the PLA was 9.8 days.</p> <p>Note: There is an inherent volatility due to the small staffing size of the office and just one employee with a higher than normal rate of sick leave can throw out the average.</p>

## Ethical and professional conduct

High standards of ethical conduct continue to be one of the PLA's major objectives. All staff of the Office of the PLA are subject to the single *Code of Conduct for the Queensland Public Service*. The administrative procedures and management practices of the Authority have proper regard to the ethics principles and values and the Code of Conduct. All staff have been provided with a copy of the code. Staff are provided with information on public sector ethics at induction, and throughout the year.

The Prostitution Act permits the obtaining of a person's extended criminal history in order to determine if they should be considered for appointment to the Office of the PLA or if they should continue to be engaged as a staff member. Additionally, staff are obliged to provide notice of a change in their extended criminal history and there were no changes notified in 2018-19.

To overcome any potential conflict of interest when considering brothel licence and approved 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 and the identification and management of any potential conflicts of interest. The PIM was reviewed and updated in 2018-19.

## Public interest disclosures

The PLA received no public interest disclosures under the *Public Interest Disclosure Act 2010* during the year.

## Risk management

Risk assessment is a means of identifying all potential risks to the operations and functioning of the PLA and to develop controls to mitigate those risks. Division 12 of the *Finance and Administration Manual* (FAM) requires that the PLA has effective policies, procedures and systems in place for effectively managing identified risks that may affect its operations. A risk assessment was conducted during the year. In conducting this assessment, previous risk assessments were reviewed to determine those risks and controls which had been previously identified. The most recent systems appraisal 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 and there is a process of ongoing review of existing policies and procedures. Staff are encouraged to raise and discuss any further risks that they identify throughout the year, which can then be assessed and remedied by the institution of new control measures or by modifying existing policies and procedures. This year's 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 the few staff members of the Office of the PLA. The Authority has a robust governance framework in place with clear accountabilities and arrangements 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 2017-18, 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 2020-21.

## Records management

All staff of the PLA are responsible for records management. The agency is working towards compliance with the Records Governance Policy. Records are retained and disposed of in accordance with the *General retention and disposal schedule* and the PLA's own *Retention and Disposal Schedule*, as approved by the Queensland State Archivist.

# Our Business

## Brothel licensing

At year end, there were 20 licensed brothels in Queensland.

**Table 3: Licensed brothels in Queensland at 30 June 2019**

Address	Name of Brothel	Date Opened	Telephone Contact
<b>Brisbane City Council</b>			
88 Logan Rd, Woolloongabba	88 on Logan	13.06.03	3891 1198
1/32 Meadow Ave, Coopers Plains	Asian Star on Meadow	12.06.09	3216 7222
12 Nile St, Woolloongabba	Cleo's on Nile	22.10.05	3393 1678
83 Randolph St, Rocklea	RnR 83	15.05.09	3875 2088
120 Robinson Rd, Geebung	Miso Honey	02.05.02	3865 6066
180 Abbotsford Rd, Bowen Hills	Montecito	30.02.06	3852 2057
61 Spine St, Sumner Park	Sky Angel	28.07.11	3376 3316
175 Abbotsford Rd, Bowen Hills	Platinum 175	25.04.14	3854 0032
945 Fairfield Rd, Yeerongpilly	The Viper Room	17.05.02	3392 7070
476 Boundary Rd, Archerfield	Yimi 476	24.08.05	3277 7318
<b>Cairns Regional Council</b>			
11 Cava Cl, Bungalow	Northern Belle	29.12.06	4033 5955
<b>Gold Coast City Council</b>			
1/29 Expansion St, Molendinar	Luvasian	02.09.05	5564 5599
30 Jade Dr, Nerang	Pentagon Grand	12.04.02	5597 0777
13/38 Eastern Service Rd, Stapylton	Pryana Rose	26.09.13	3382 0945
44 Upton St, Bundall	Silks on Upton	12.03.02	5538 2088
37 Upton St, Bundall	Utopia in Paradise	01.07.06	5539 0224
<b>Logan City Council</b>			
26 Magnesium Dr, Crestmead	Club 26	19.11.05	3803 1000

Address	Name of Brothel	Date Opened	Telephone Contact
<b>Moreton Bay Regional Council</b> 22 Brewer St, Clontarf	Intimate Encounters	20.08.03	3283 6111
<b>Sunshine Coast Regional Council</b> 13 Cessna St, Marcoola	Lush	04.07.14	5450 7773
<b>Toowoomba Regional Council</b> 1/14 Civil Ct, Harlaxton	Deviations	12.09.09	4613 1133

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

In order to legally operate a brothel in Queensland, the owner must apply for and be granted a brothel licence by the PLA. Only a person that has applied for and been granted an approved manager's certificate by the PLA may lawfully manage a licensed brothel. Applications are considered on their merits and in order to grant a licence or certificate to an applicant the PLA must be satisfied that the applicant is a suitable person.

In 2018-19, there were 26 brothel licence applications, comprising five new applications, 17 annual returns and four renewals<sup>1</sup> (table 4). Of the new licence applications, four were granted, and the remaining one will be decided in 2019-20. Of the licence renewal applications, two were granted, and the remaining two applications will be considered in 2019-20. No brothel licence applications were refused during the year.

There were a total of 97 approved managers' certificate applications in 2018-19, comprising 27 new applications, 54 annual returns and 16 renewals (table 4). Of the new certificate applications, 22 were granted, one was withdrawn, and the remaining four applications will be considered by the PLA in 2019-20. Of the certificate renewal applications, 13 were granted, and the remaining three applications will be considered in 2019-20. No approved manager's certificate applications were refused during the year.

**Table 4: Applications received 2018-19**

	Brothel licences	Approved managers' certificates
<b>New applications</b>	5	27
<b>Annual returns</b>	17	54
<b>Renewal applications</b>	4	16
<b>Total</b>	<b>26</b>	<b>97</b>

<sup>1</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.

## Development approval

In Queensland, the licensing and location of brothels are two separate matters administered 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. It is local councils that are responsible for deciding development approval applications in respect of brothels. Under Schedule 10, Part 2, Division 1 of the *Planning Regulation 2017*, a brothel must not:

- have more than five working rooms
- be in or within 200 metres of the closest point on any boundary of a residential area, measured by the shortest route a person may reasonably and lawfully take, on foot or by vehicle
- be within 200 metres of the closest point on any boundary of land on which there is a residential building or public building
- be within 100 metres of the closest point on any boundary of land on which there is a residential building or public building, measured in a straight line.

In order to receive development approval, a brothel must also comply with the IDAS Code for licensed brothels.

Based on advice received from individual local councils, from the beginning of the licensing framework, there have been 57 applications made in Queensland for development approval for a brothel (table 5). The PLA received no advice of any development approval applications in 2018-19. The majority of development applications for brothels have been for premises in the Brisbane and Gold Coast areas. More than half of all applications have been approved.

Where a brothel development application is subject to code assessment under the *Planning Act 2016*, the applicant may apply to the Queensland Civil and Administrative Tribunal (QCAT) under s. 64A of the Prostitution Act for review of a range of decisions, including a decision to refuse, or refuse part of, the application. If it is determined a brothel development application requires impact assessment under the Planning Act, under s. 64B of the Prostitution Act, the applicant may apply to QCAT for a review of that decision.

There are 13 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 2018-19 (table 6).

Because a site has approval for a brothel it does not necessarily mean it will be put to that use and other non-sex industry businesses might instead operate from that site, if approved to do so. For example, 28 Leyland St, Garbutt (Townsville), received development approval in November 2000 but there has never been a brothel at the site. Likewise, 10/68 Redland Bay Rd, Capalaba, received development approval in November 2006 but there has never been a brothel at the site. The brothel at 48 Callemondah Dr, Gladstone, ceased operation in May 2008 and the site has not operated as a brothel since.

In accordance with Schedule 10, Part 2, Division 1 of the Planning Regulation, for premises in a town with a population of less than 25,000, the local government for the town may prohibit brothel developments, subject to the agreement of the Minister responsible for the administration of the Planning Act.

**Table 5: Development approval applications for brothel premises since the commencement of the licensing framework**

Local authority	Approved	Refused	Withdrawn/ lapsed	Pending	TOTAL
Brisbane	13	4	2	-	<b>19</b>
Gold Coast	7	2	3	-	<b>12</b>
Townsville	3	-	1	-	<b>4</b>
Cairns	3	1	3	-	<b>7</b>
Logan	2	-	1	-	<b>3</b>
Sunshine Coast	2	-	1	-	<b>3</b>
Redland	1	-	-	-	<b>1</b>
Toowoomba	1	2	-	-	<b>3</b>
Moreton Bay	1	-	-	-	<b>1</b>
Rockhampton	1	-	-	-	<b>1</b>
Mackay	1	-	-	-	<b>1</b>
Gladstone	1	-	-	-	<b>1</b>
Mount Isa	1	-	-	-	<b>1</b>
<b>TOTAL</b>	<b>37</b>	<b>9</b>	<b>11</b>	<b>0</b>	<b>57</b>

Note: Based on information provided to the PLA by individual local councils.

**Table 6: Council approved premises on which there is not an operational brothel and for which the PLA did not receive a brothel licence application in 2018-19**

Local authority	Address
Brisbane	1/9 Alton St, Coopers Plains 1090 – 1110 Kingsford Smith Dr, Eagle Farm 702 Boundary Rd, Coopers Plains
Cairns	5 Southgate Cl, Woree 7 Owen Cl, Portsmith
Gladstone	48 Callemondah Dr, Gladstone
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
Townsville	28 Leyland St, Garbutt 17 Hugh Ryan Dr, Garbutt 15 Carmel St, Garbutt

# Monitoring and Compliance

## The compliance program

The PLA is committed to ensuring a safe and healthy licensed brothel sector. In accordance with its regulatory function of monitoring the provision of prostitution at brothels, the Authority has 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
- educating brothel licensees and approved managers about their obligations and responsibilities
- ongoing monitoring of existing licensed brothels operations
- advising on improvements to individual brothel operations or across the sector 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 and Government expectations, and in accordance with legislation, and licence and certificate conditions. Compliance activities comprise:

- annual and interim audits of brothel premises, records and administrative practices
- risk based inspection schedules which include unannounced inspections of brothels
- review of brothel policies and operational procedures
- management of complaints related to licensed brothels
- managing and issuing penalty infringement notices (PINs)
- projects such as benchmarking licensed industry standards and resource development
- analysing emergent and technical issues, conducting research, and monitoring industry best practice
- reports to inform the PLA in respect of probity, compliance and industry-related issues
- management of a surveillance program for prostitution advertising and social escort services advertising
- liaising and consulting with other government agencies to develop strategies to enhance regulatory outcomes, particularly involving matters that are the primary responsibility of other agencies.

There are a set of standard conditions that attach to each brothel licence and approved manager's certificate. The PLA has the power to attach any relevant additional conditions as it sees fit. These conditions were comprehensively reviewed during the year, with an emphasis on simplification and clarity.

**Table 7: Operations of Licensed Brothels Controlled through the Compliance Function of the PLA**

	<b>Elements</b>	<b>Outcomes</b>
<b><i>Harm minimisation and infectious disease control</i></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 safer sex practices
	Monitoring of sexual health checks for sex workers	Sex workers have undergone current sexual health assessment
	Monitoring of waste disposal protocols	Appropriate standards of practice are maintained for the disposal of clinical waste and sharps to achieve best practice
	Identification of emergent issues in relation to infectious disease control	Best practice and currency of knowledge is promoted and maintained
	Assessment of clients in relation to sexually transmissible infections or behaviour	Sex workers have autonomy in relation to seeing clients
	Provision of prophylactics	Management of brothels support promotion of public health safer sex practices
<b><i>Policies and procedures</i></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
	Work Health and Safety	Management understand their obligations under the <i>Work Health and Safety Act 2011</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><i>Safety and Security</i></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><i>Structure and amenities</i></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

Audits and inspections of each of the State’s licensed brothels continue to demonstrate that licensees are generally highly compliant with their regulatory obligations and committed to maintaining a safe, clean and legal sector. During 2018-19, there were 148 compliance activities undertaken by staff of the Office of the PLA. As a result of audits and inspections throughout the year, 123 corrective actions were required (table 8). This is an increase on the previous year when 75 corrective actions were required. Licensees are given a date by which any non-compliances must be rectified. If they are not addressed by the due date, licensees may be issued with a notice to appear to provide an explanation to PLA members. This tends to ensure that licensees are more responsive to rectifying non-conformances in a timely manner. This year, two brothel licensees were required to appear to discuss their attention to compliance matters.

The PLA has developed and published a multilingual *Operational Standards Manual* which has been distributed to all brothel licensees and approved managers and is provided to all new applicants for a licence or certificate. The manual is designed to cover all aspects of brothel management, outlines procedures to meet brothel licence conditions, addresses strategies to effect compliance and for the lawful operation of brothels. The overall intent of the manual is to support high standards of lawful brothel operations in Queensland and to promote regulatory compliance. The manual will be reviewed and updated next year.

**Table 8: PLA compliance activities 2018-19**

Number of compliance activities	148
Number of required corrective actions as a result of audits and inspections	123

**Disciplinary action**

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. The PLA considers disciplinary action only as a last resort. The Authority has an emphasis on educating licensees and managers about their obligations and achieving compliance by way of cooperation rather than punitive action. The great majority of brothel licensees and approved managers are diligent in complying with their responsibilities and obligations. The result is that the PLA has rarely resorted to disciplinary action. For example, in the three years prior to 2015-16, the PLA did not conduct a single disciplinary inquiry and did not take any disciplinary action. In more recent years, this trend has been somewhat reversed. There were two disciplinary inquiries held in 2015-16 and a further two in 2016-17.

On 15 June 2018, a brothel licensee was issued with a disciplinary inquiry notice. The purpose of a disciplinary inquiry is to determine whether there are grounds for taking disciplinary action. In this case, the grounds were that the licensee had:

- been charged with an offence in breach of s. 78(1)(c) of the Prostitution Act, relating to contravention of a condition of a brothel licence
- contravened a number of conditions of the brothel licence
- managed the brothel in a way that makes it desirable that action should be taken.

A hearing was held on 2 July 2018 and on 27 July 2018 the Authority decided that there were grounds for taking disciplinary action against the licensee. On 9 August 2018, after considering the range of disciplinary actions at its disposal, the PLA decided to reprimand the licensee and impose a monetary penalty totalling \$8,250 to be paid into the Prostitution Licensing Authority fund. In deciding to take disciplinary action against any licensee, the Authority has regard to the importance of ensuring that only suitable persons are involved in the operations of brothels, that brothels are run lawfully, and that the health and safety of sex workers and clients is prioritised. This individual has since sold their brothel and ceased to hold a licence.

## Penalty infringement notices

A range of offences under the Prostitution Act and the Prostitution Regulation are eligible for the issue of penalty infringement notices. The PLA is the administering authority for the PINs.

PINs may be issued by the police or by specified officers of the Office of the Prostitution Licensing Authority. For the PLA, they provide a valuable enforcement tool and free up police resources because the PLA is able to avoid referring low level offences to the QPS for investigation and can instead issue a PIN.

In 2018-19, a total of 21 PINs were issued by the QPS and by the PLA, compared to 23 in the previous year.

PINs were issued, generally for offences occurring in sectors of the sex industry other than the licensed sector, for the following offences:

- offering to provide prostitution involving sexual intercourse or oral sex without using a prophylactic
- providing prostitution involving sexual intercourse or oral sex without using a prophylactic
- asking for prostitution involving sexual intercourse or oral sex without using a prophylactic
- publishing an advertisement for prostitution that describes the services offered
- publishing an advertisement for prostitution that is not in the approved form
- an approved manager failing to personally supervise a licensed brothel
- knowingly giving the Authority a document containing false or misleading information
- brothel licensee failing to keep a record for each period the brothel is open for business.

## Automatic suspension and automatic cancellation

Sections 24B, 25, 50B, and 51 of the Prostitution Act provide for the automatic suspension/cancellation of brothel licences and approved managers' certificates for non-payment of annual fees. No brothel licences were automatically suspended or cancelled in 2018-19. During the year, the approved managers' certificates of 14 individuals were automatically suspended and 6 were automatically cancelled. The automatic suspension of three certificates was lifted after the individual paid the annual return fees. Five approved managers' elected to surrender their certificate to the PLA so that the certificate did not progress to automatic cancellation. In most cases, the certificate holders had already left the industry but had failed to advise the PLA and surrender their certificate. If a licence or certificate is automatically cancelled, the holder is ineligible to apply for another licence or certificate for a period of three years.

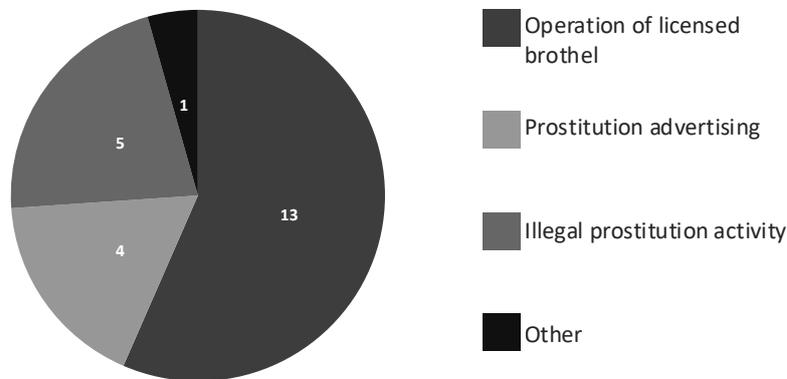
## Complaints

The compliance unit is 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.

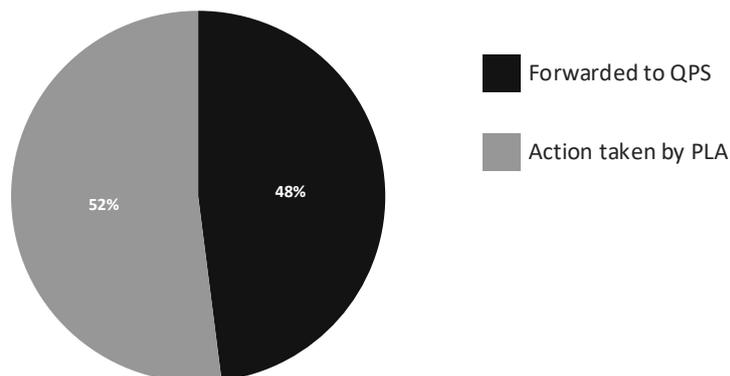
During 2018-19, the PLA received a total of 23 complaints relating to prostitution issues (figure 7). This was down on the number of complaints in the previous year (figure 6). 13 complaints were received about the operation of licensed brothels, a decrease on the previous year. None of these complaints were about the impact on community amenity of a brothel.

Complaints were resolved either by the PLA itself or by referral to the QPS 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 the police, as required under s. 61 of the Prostitution Act, of 18 police entries to 10 licensed brothels (table 9). 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.

No adverse conclusion ought to be drawn from police entries to any licensed brothel.

**Table 9: Police entries to licensed brothels**

<b>Brothel</b>	<b>Number of entries</b>
88 on Logan	1
Asian Star on Meadow	1
Cleo's on Nile	4
Deviations	1
Miso Honey	2
Northern Belle	1
Pryana Rose	2
Silks on Upton	1
Sky Angel	4
Utopia in Paradise	1
<b>TOTAL</b>	<b>18</b>

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

## Advertising of prostitution

In order to limit the impact of prostitution on the community, all advertisements for prostitution published 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.

The PLA has published *Guidelines about the approved form for prostitution advertising*. Advertisers and publishers must self-assess the proposed advertisement against the guidelines and thereby determine if the advertisement is in the approved form. During the year, the guidelines were revised and streamlined, made more 'user friendly', and more reflective of contemporary social mores and advertising platforms. They were reduced from thirteen pages to six. Under the previous guidelines, some proposed prostitution advertisements still needed to be submitted for the approval of the PLA. This requirement was removed from the guidelines so that all advertisements must now be self-assessed.

There has been a clear trend away from traditional media advertising to web-based advertising. Advertising by sole operator sex workers is mostly web-based. The adult nature of host websites limits the exposure of the community to this type of advertising and the Authority manages it by way of complaint. In most cases, non-compliance is dealt with by contacting the publisher, informing them of the breach and educating them about the provisions of the guidelines. PLA advertising surveillance focuses on two high risk areas: non-classified general print publications, such as relevant newspapers and magazines; and the websites and social media of licensed brothels. This year, the PLA received four complaints about prostitution advertising, which would tend to indicate that these advertisements are not a significant source of community concern (figure 7). Since the introduction of PINs, the PLA and the QPS have the option of issuing PINs for a range of prostitution advertising offences. Six PINs for advertising offences were issued in 2018-19.

## Social escort services advertising

The PLA is also responsible for the regulation of social (i.e. non-sexual) escort services advertising. The Prostitution Act requires that an advertisement for a social escort service must not be published unless it is in the approved form, and the PLA has published *Guidelines for social escort services advertising*. It is the responsibility of advertisers and publishers to determine if proposed advertisements conform to the guidelines. It is a requirement of the Prostitution Act that an advertisement for social escort services must contain the words 'non-sexual' or 'sexual services are not provided'. PLA advertising surveillance detected nil breaches of social escorts advertising in 2018-19.

# 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, the requirements for involvement in the licensed brothel sector, and promote knowledge of the legal framework for the sex industry in Queensland. These fact sheets have been posted on the PLA's website, were distributed to licensed brothels, sent to national sex worker organisations in Australia and New Zealand, and are available from the PLA's office.

## 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.

## Communicating with the sex industry

During 2018-19, the PLA continued its engagement with the Queensland sex worker organisation, Respect Inc. The PLA and Respect Inc discussed topical matters and any issues of concern. The PLA consults with Respect Inc on relevant sex industry matters. In appropriate cases, the PLA refers sex workers (particularly sole operator sex workers) to Respect Inc for assistance. The PLA is committed to ongoing engagement, on relevant matters, with Respect Inc in 2019-20.

To better meet the needs of culturally and linguistically diverse (CALD) sex workers, the PLA has produced a number of multilingual (English, Chinese, Korean, and Thai) fact sheets.

The Authority publishes a monthly newsletter, *In Touch*, which is distributed to its stakeholders and available from the website. The newsletter focuses on topical issues, changes to legislation and policy, research about the sex industry worldwide and growing trends within the sex industry generally, health and safety issues relevant to sex workers and their clients, high risk compliance issues identified through the PLA compliance program, correcting common myths and misperceptions about the sex industry, and challenging the persistent stigma of sex work. This year, *In Touch* has included articles on a wide range of matters, including sex worker registration, information on workplace bullying, sex

worker autonomy, sexual health, sexual violence, supportive remarks from judges about sex worker safety, the vulnerability of migrant sex workers to exploitation when working in breach of their visa or working in the unlawful sector of the sex industry, human trafficking, and sex industry developments and happenings in other jurisdictions.

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 generally meets with brothel licensees when they first apply for a brothel licence and when they apply for its renewal. This gives an opportunity for them to provide feedback and to raise any issues of concern, whether about their treatment by the PLA, their brothel operations, the licensed sector generally, or the sex industry more broadly. Licensees and managers may also request to address members of the PLA at their monthly meetings in order to talk about any issues of concern.

### 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 10 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.

**Table 10: Key stakeholders attending meetings with the PLA 2018–19**

	<b>Group</b>	<b>Number</b>
	Licensees and managers, applicants, potential applicants	36
	QPS	27
	Other government agencies	7
	Other organisations	15
	<b>TOTAL</b>	<b>85</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 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
- 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, brothel licensing, questions about applications for a licence or certificate, and details about the legality of sex work in Queensland. 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 development, research, forensic accounting, probity investigation, and audit and compliance processes. Staff of the office regularly relieve in specialist areas when other staff are on leave, to maintain up-skill capacity. 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.

Although the PLA organisational structure provides for 10 staff in total, two positions remained vacant throughout the year, so that as at 30 June 2019 the total number of full-time equivalent employees of the Office of the PLA was eight (table 11).

No redundancy, early retirement or retrenchment packages were paid during 2018-19.

There were no staff resignations during the year, so that the office had a permanent separation rate of zero percent.

The Office of the PLA has flexible workplace arrangements to support the attraction and retention of staff, and to promote work-life balance, including time-off-in-lieu, flexible working hours, and carer's leave. The PLA has adopted a Domestic and family violence policy, consistent with the relevant Public Service Commission directive, which provides that an employee who is affected by domestic and family violence will have access to a minimum of 10 days per year of paid leave.

The PLA's success depends on building the capability of its workforce. In recognition of the benefit of relevant training, staff and management work together to identify appropriate development opportunities. This assists both individual career progress and strengthens the PLA's overall capability. The PLA encourages all staff to undertake relevant professional development. This year, staff of the Office of the PLA attended an investigations symposium and a workshop on dealing with unwelcome behaviours.

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 inter-staff liaison provides 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 2018-19.

**Table 11: Full-time equivalent staff of the Office of the PLA**

Staff category	Female	Male
SES	1	
AO7-AO8	1	2
AO4-AO6	1	1
AO2-AO3	2	
<b>TOTAL</b>	<b>5</b>	<b>3</b>

Note: Although the organisational structure provides for 10 staff in total, two positions were vacant throughout the year.

## Finance and administration

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

During 2018-19, 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.

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. The office's recruitment practices ensure that its officers possess the skills and knowledge needed to continue to achieve its priorities, resulting in a licensed sector free of the influence of organised crime and official corruption and brothels which provide the safest and healthiest environment for prostitution.

The Authority did not incur any expenditure on consultancies for 2018-19.

## Information management

An 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 PLA has an internal licensing database for the purpose of recording and reporting on:

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

The database is used to obtain statistical data and other information concerning the licensed brothel sector of the sex industry.

## Open data

Information on consultancies and overseas travel may be found at the Queensland Government Open Data website (<https://data.qld.gov.au>).

# Financial Statements 2018 - 19

## Prostitution Licensing Authority Financial Statements 2018-2019

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### **General Information**

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

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

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

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

Level 3  
5 Gardner Close  
MILTON QLD 4034

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

For information in relation to the PLA's financial report please call 3858 9500, email [plaadmin@iprimus.com.au](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 2019**

	Notes	2019 \$	2018 \$
<b>Income from Continuing Operations</b>			
<b>Revenue</b>			
User charges and fees	2(a)	831,952	826,627
Grants and contributions	2(b)	734,000	724,000
Interest		37,824	37,136
<b>Total Income from Continuing Operations</b>		<b>1,603,776</b>	<b>1,587,763</b>
<b>Expenses from Continuing Operations</b>			
Employee expenses	3	979,071	964,480
Supplies and services	7	301,831	294,525
Rental expenses	8	212,832	207,328
Depreciation		12,685	12,945
Other expenses	9	17,621	19,237
<b>Total Expenses from Continuing Operations</b>		<b>1,524,040</b>	<b>1,498,515</b>
<b>Operating Result from Continuing Operations</b>		<b>79,736</b>	<b>89,248</b>
<b>Total Comprehensive Income</b>		<b>79,736</b>	<b>89,248</b>

*The accompanying notes form part of these statements.*

**PROSTITUTION LICENSING AUTHORITY**  
**Statement of Financial Position**  
**as at 30 June 2019**

	Notes	2019 \$	2018 \$
<b>Current Assets</b>			
Cash and cash equivalents	10	1,592,374	1,476,128
Receivables	13	6,974	6,662
Other Assets		7,421	4,708
<b>Total Current Assets</b>		<b>1,606,769</b>	<b>1,487,498</b>
<b>Non-Current Assets</b>			
Other Assets		374	5,095
Plant and equipment	14	79,121	85,021
<b>Total Non-Current Assets</b>		<b>79,495</b>	<b>90,116</b>
<b>Total Assets</b>		<b>1,686,264</b>	<b>1,577,614</b>
<b>Current Liabilities</b>			
Payables		41,136	30,453
Accrued employee benefits	15	25,324	25,290
Other Liabilities	16	209,587	191,390
<b>Total Current Liabilities</b>		<b>276,047</b>	<b>247,133</b>
<b>Total Liabilities</b>		<b>276,047</b>	<b>247,133</b>
<b>Net Assets</b>		<b>1,410,217</b>	<b>1,330,481</b>
<b>Equity</b>			
Accumulated surpluses		1,410,217	1,330,481
<b>Total Equity</b>		<b>1,410,217</b>	<b>1,330,481</b>

*The accompanying notes form part of these statements.*

**PROSTITUTION LICENSING AUTHORITY**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2019**

	Notes	Accumulated Surplus \$
<b>Balance as at 1 July 2017</b>		1,241,233
Operating Result from Continuing Operations		89,248
<b>Balance as at 30 June 2018</b>		<b>1,330,481</b>
		\$
<b>Balance as at 1 July 2018</b>		1,330,481
Operating Result from Continuing Operations		79,736
<b>Balance as at 30 June 2019</b>		<b>1,410,217</b>

*The accompanying notes form part of these statements.*

**PROSTITUTION LICENSING AUTHORITY**  
**Statement of Cash Flows**  
**for the year ended 30 June 2019**

	Notes	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
<i>Inflows:</i>			
User charges and fees		850,150	679,211
Grants and contributions		734,000	724,000
GST input tax credits from ATO		46,319	52,242
GST collected from customers		-	4,453
Net gains from disposal of plant and equipment		-	1,592
Interest receipts		37,899	37,169
<i>Outflows:</i>			
Employee expenses		(979,036)	(964,390)
Supplies and services		(496,574)	(515,052)
GST paid to suppliers		(46,319)	(52,242)
GST remitted to ATO		(387)	(3,933)
Other		(23,020)	(8,813)
<b>Net cash provided by (used in) operating activities</b>	11	<b>123,032</b>	<b>(45,763)</b>
<b>Cash flows from investing activities</b>			
<i>Inflows:</i>			
Sales of plant and equipment		-	44,525
<i>Outflows:</i>			
Payments for plant and equipment		(6,786)	(85,360)
<b>Net cash provided by (used in) investing activities</b>		<b>(6,786)</b>	<b>(40,835)</b>
Net increase (decrease) in cash held		116,246	(86,598)
Cash at beginning of financial year		1,476,128	1,562,726
<b>Cash and cash equivalents at end of financial year</b>		<b>1,592,374</b>	<b>1,476,128</b>

*The accompanying notes form part of these statements.*

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2018-19**

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**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2018-19**

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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 2018-19, 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

**1. Summary of Significant Accounting Policies**

**(a) Statement of Compliance**

The Prostitution Licensing Authority has prepared these financial statements in compliance with section 42 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 Queensland Treasury Minimum Reporting Requirements for reporting periods beginning or after 1 July 2018, 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.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note 21.

**(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) Insurance**

With the exception of motor vehicles, which are insured through Choice Insurance Solutions, 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.

**(d) 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 13).

**(e) Accounting Estimates and Judgements**

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 2018-19**

**1. Summary of Significant Accounting Policies (cont'd)**

**(f) 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.

**(g) Other Presentation Matters**

**Rounding**

Amounts included in the financial statements have been rounded to the nearest \$1.

**Comparatives**

Comparative information reflects the audited 2017-2018 financial statements.

**Current/Non-Current Classification**

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the department does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

**2. Revenue**

**(a) User Charges and Fees**

Licences and certificates are recognised as revenues when the applications have been approved by the Board of the PLA. Application fees, Annual Returns, fines and other user charges are recognised as revenues, in accordance to the Australian Accounting Standards, when receipts for the related services are issued.

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>User charges and fees</b>		
Fees for licences	585,176	601,885
Fees for licence applications	149,150	140,920
Fees for certificates	4,622	4,220
Fees for certificate applications	82,565	76,051
Other fees	10,439	1,959
Net gains from disposal of plant and equipment	-	1,592
<b>Total</b>	<b>831,952</b>	<b>826,627</b>

**(b) Grants and Contributions**

The PLA receives government grants, donations and gifts that are non-reciprocal in nature. These are recognised as revenue in the year in which the PLA obtains control, as disclosed in the Statement of Comprehensive Income.

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2018-19**

3. Employee Expenses	2019	2018
<b>Employee Benefits</b>	<b>\$</b>	<b>\$</b>
Wages and salaries	833,147	824,428
Employer superannuation contributions	99,660	97,823
Long service leave levy	17,502	17,315
Other employee benefits	17,280	17,442
<b>Total</b>	<b>967,589</b>	<b>957,008</b>
<b>Employee Related Expenses</b>		
Staff related expenses	7,790	3,412
Workers' compensation premium	3,692	4,060
<b>Total Employee Expenses</b>	<b>979,071</b>	<b>964,480</b>

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

Number of Employees:	8	8
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**(a) 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 are not counted in an employee's total remuneration package. It is not employee benefits and are recognised separately as employee related expenses.

*Wages, Salaries and Sick Leave*

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

As the PLA expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

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.

*Annual Leave and Long Service Leave*

Under the Queensland Government's Annual Leave Central Scheme (ALCS) a levy is made on the PLA to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for annual and long service leave are claimed from the scheme quarterly in arrears.

*Superannuation*

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment.

Defined Contribution Plans - Contributions are made based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Defined Benefit Plan - The liability for defined benefits is held on a whole-of-government basis and the amount of contributions is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the department at the specified rate each pay period. The department's obligations are limited to those contributions paid.

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2018-19**

**4. Key Management Personnel**

The PLA's responsible Minister is identified as part of the PLA's KMP, consistent with additional guidance included in the revised version of AASB 124 Related Party Disclosures. That Minister is the Minister for Police and Minister for Corrective Services.

The following details for non-Ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2018-2019 and 2017-2018. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management and Remuneration of Board Members:

<b>Position</b>	<b>Position Responsibility</b>
Minister for Police and Minister for Corrective Service	To appoint Board members and to ensure that the PLA operates to best practice standards.
Chairperson	Provide broad strategic direction and operational oversight of the agency and its functions.
Board members	Overall oversight of the agency and its functions.
Executive Director	Responsible for the efficient, effective and economic administration of the agency.

**KMP Remuneration Policies**

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The PLA does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements which are published as part of Queensland Treasury's Report on State Finances.

Remuneration policy for the PLA's Board members is in accordance with the Remuneration Procedures for all Part-time Chairs and Members of Queensland Government Bodies. Individual remuneration and other terms of employment (including entitlements) are specified in employment letter.

Remuneration policy for the PLA's other KMP are equivalent to the remuneration, allowances and entitlements of a senior executive employed under the Public Service Act 2008. The Executive Director was reappointed by the Governor in Council for a six month period ending on 18 December 2019.

Remuneration expenses for KMP comprises the following components:

- ◆ Short term employee benefits which include:
  - Salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position.
  - Non-monetary benefits – consisting of provision of vehicle.
- ◆ Long term employee benefits include amounts expensed in respect of long service leave.
- ◆ Post-employment benefits include amounts expensed in respect of employer superannuation obligations.
- ◆ No KMP remuneration packages provide for performance bonus payments.
- ◆ Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

**Remuneration Expenses**

The following disclosures focus on the expenses incurred by the PLA attributable to non-Ministerial KMP during the respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the Statement of Comprehensive Income.

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2018-19**

**4. Key Management Personnel (cont'd)**

1 July 2018– 30 June 2019

Position	Short Term Employee		Long Term Employee Benefits \$*	Post Employment Benefits \$	Termination Benefits \$	Total Remuneration \$
	Base \$	Non-Monetary Benefits \$				
Executive Director	172,158	1,329	3,615	18,462	-	195,565
Chairperson	40,955			3,891		44,846
Board Members	27,904			2,652		30,556
<b>Total Remuneration</b>	<b>241,018</b>	<b>1,329</b>	<b>3,615</b>	<b>25,004</b>	<b>-</b>	<b>270,967</b>

1 July 2017– 30 June 2018

Position	Short Term Employee		Long Term Employee Benefits \$*	Post Employment Benefits \$	Termination Benefits \$	Total Remuneration \$
	Base \$	Non-Monetary Benefits \$				
Executive Director	171,493	6,019	3,601	18,012	-	199,125
Chairperson	30,087			4,286		34,372
Board Members	28,516			2,633		31,149
<b>Total Remuneration</b>	<b>230,095</b>	<b>6,019</b>	<b>3,601</b>	<b>24,930</b>	<b>-</b>	<b>264,646</b>

**5. Disclosure of related parties**

**Transactions with people/entities related to Key Management People (KMP)**

KMP are defined as persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The Chairperson, Board Members and Executive Director are KMP of the PLA.

There were no other dealings with the KMP or close family members.

**Transactions with other Queensland Government-controlled entities**

The PLA received a non-reciprocal government grant from Queensland Police Services (QPS) (Note 2.(b)).

The PLA has a service level agreement in place with Queensland Police Services (QPS) to enable the PLA to receive the required essential services.

	2019	2018
<b>Service Level Agreement</b>	<b>\$</b>	<b>\$</b>
Department of Police corporate service charges	30,798	30,094

**6. 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 other benefits.

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

Nil	3	3
\$1 - \$10,000	4	4
\$10,001 - \$50,000	1	1

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2018-19**

**6. Remuneration of Board Members (cont'd)**

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Walter Tutt - Chairperson	44,846	34,372
Paul Tully (LP)	7,639	8,424
Ms Frances de la Cuesta Hunt (CR)	7,639	7,501
Ms L Palmen (CR)	7,639	7,528
Ms Margaret Grummitt	7,639	7,696
Dr D Rowling (QH)	-	-
Ms Sharon Loder (CCC)	-	-
Mr Brian Codd (QPS) Assistant Commissioner	-	-
Mr Paul Stewart (QPS) Assistant Commissioner	-	-
<b>Total remuneration</b>	<b>75,402</b>	<b>65,521</b>

**Appointed dates**

Mr Brian Codd (QPS) Assistant Commissioner - was appointed in June 2019

**Retired dates**

Mr Paul Stewart (QPS) Assistant Commissioner - retired in August 2018.

**7. Supplies and Services**

Contractors	25,951	2,716
Supplies and consumables	47,154	52,819
Travel	11,105	11,242
Repairs and maintenance	15,747	19,420
Communications	29,031	33,874
Chairman and Members' fees	75,402	65,521
Department of Police corporate service charges	30,798	30,094
Public utilities	15,225	24,747
Legal services	2,471	-
Investigations and Searches	27,662	25,793
Other Services	21,285	28,299
<b>Total</b>	<b>301,831</b>	<b>294,525</b>

**8. Rental Expenses**

In 2015-16, a new lease agreement was established between the Department of Housing and Public Works and Queensland Police Service, for PLA's office accommodation, through the Queensland Government Accommodation Office program. At 30 June 2019, PLA has lease commitments totalling \$242,515, and made lease payments totalling \$212,832.

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2018-19**

9. Other Expenses	2019	2018
	\$	\$
Insurance premiums	2,300	2,493
Auditor's remuneration - external audit services*	13,450	15,300
Other expenses	1,871	1,444
<b>Total</b>	<b>17,621</b>	<b>19,237</b>

\*Total external audit fees relating to the 2018-19 financial year are estimated to be \$14,200 (2018: \$13,800). There are no non-audit services included in this amount.

**10. 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 received but not banked at 30 June as well as deposits at call with financial institutions.

Imprest account	300	300
Cash at bank	1,592,074	1,475,828
<b>Total</b>	<b>1,592,374</b>	<b>1,476,128</b>

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

Operating surplus/(deficit)	79,736	89,248
Depreciation and amortisation expense	12,685	12,945
Change in assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	(387)	520
(Increase)/decrease in other receivables	75	32
(Increase)/decrease in prepayments	2,008	4,676
Increase/(decrease) in fees received in advance	18,197	(145,822)
Increase/(decrease) in payables and accruals	10,683	(7,452)
Increase/(decrease) in accrued employee benefits	35	90
<b>Net cash from operating activities</b>	<b>123,032</b>	<b>(45,763)</b>

**12. Financial Instruments**

**(a) Categorisation of Financial Instruments**

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

<u>Category</u>	<u>Note</u>		
<b>Financial Assets</b>			
Cash and cash equivalents	10	1,592,374	1,476,128
Receivables	13	6,974	6,662
<b>Total</b>		<b>1,599,348</b>	<b>1,482,790</b>
<b>Financial Liabilities</b>			
Payables		41,136	30,453
<b>Total</b>		<b>41,136</b>	<b>30,453</b>

*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.

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2018-19**

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

*Classification*

Financial instruments are classified and measured as follows:

- Cash and cash equivalents held at amortised cost
- Receivables held at amortised cost
- Payables held at amortised cost

The PLA does not enter transactions for speculative purposes, nor for hedging.

**(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. The interest rate risk is limited to cash balances.

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 are managed by the PLA under policies.

The PLA has a minimum risk exposure to these financial risks.

**13. Receivables**

	2019	2018
<b>Current</b>	<b>\$</b>	<b>\$</b>
GST receivable	4,583	4,196
Interest receivable	2,391	2,466
<b>Total</b>	<b>6,974</b>	<b>6,662</b>

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.

**14. Plant and Equipment**

Plant and equipment		
At cost	288,768	306,002
Less: Accumulated depreciation	(209,647)	(220,981)
<b>Total</b>	<b>79,121</b>	<b>85,021</b>

**Plant and Equipment Reconciliation**

Carrying amount at 1 July	85,021	57,131
Acquisitions	6,785	83,768
Disposals	-	(42,933)
Depreciation	(12,685)	(12,945)
<b>Carrying amount at 30 June</b>	<b>79,121</b>	<b>85,021</b>

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

**(a) Plant and Equipment**

Items of plant and equipment with a cost or other value equal to or in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition.

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

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2018-19**

**14. Plant and Equipment (cont'd)**

**(b) Depreciation of Plant and Equipment**

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.

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

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

<b>15. Accrued Employee Benefits</b>	<b>2019</b>	<b>2018</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
Wages outstanding	22,580	22,713
Superannuation	2,054	1,886
Other employee expenses	691	691
<b>Total</b>	<b>25,324</b>	<b>25,290</b>
<b>16. Other Liabilities</b>		
<b>Fees received in advance *</b>		
Fees for licences received in advance	203,550	188,550
Fees for certificates received in advance	6,037	2,840
<b>Total</b>	<b>209,587</b>	<b>191,390</b>

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

**17. 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, as discussed in Statement of Financial Position.

**18. Commitments for Expenditure**

Commitments under operating rent at reporting date are inclusive of anticipated GST and are payable as follows:

**(a) Operating Rent**

Not later than one year	242,515	235,539
Later than one year and not later than five years*	-	242,605
<b>Total commitments</b>	<b>242,515</b>	<b>478,144</b>

\*The QPS operating lease agreement will expire on 9 June 2020. The PLA is committed to the rent obligation to offset the cost of the QPS lease commitments.

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.

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2018-19**

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**18. Commitments for Expenditure (cont'd)**

**(b) Other Expenditure Commitments**

Other expenditure committed at the end of the period but not recognised in the accounts are as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Not later than one year	20,781	36,157
Later than one year and not later than five years	24,932	17,186
<b>Total</b>	<b>45,713</b>	<b>53,344</b>

**19. Contingencies**

**(a) Litigation in progress**

The PLA has no litigation in progress at 30 June 2019.

**(b) Financial Guarantees**

The PLA had provided no guarantees at 30 June 2019.

**20 Subsequent Events Note**

No Subsequent events

**21. New and Revised Accounting Standards**

The PLA did not voluntarily change any of its accounting policies during 2018-2019. Australian Accounting Standards changes applicable for the first time in the 2018-2019 financial year have had minimal impact on the PLA's financial statements.

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 Queensland Treasury. The PLA applies standards and interpretations in accordance with their respective commencement dates.

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2018-19**

**22. Future Accounting Standards**

**AASB 1058 Income of Non-For Profit Entities and AASB 15 Revenue from Contracts with Customers:**

These standards will first apply to the PLA from its financial statements for 2019-20.

- Under the new standards, grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral and will continue to be recognised as revenue as soon as they are controlled.
- The PLA receives grants to manage the Prostitution Act. There are no sufficiently specific performance obligations to these grants. The total of these grants in the 2018-19 year was \$734,000 and it is expected the grants will continue to be recognised as revenue upfront assuming no changes to the current grant arrangements.
- The user charges and fees consist of fees received from brothel licencees and managers. In accordance with Queensland Treasury's proposed policy directive following amendments to AASB 15 (arising from AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors), fees received from the issue of brothel licences and manager certificates will be recognised under AASB 15 when the performance obligations are fulfilled. As the sole performance obligation is the issue of the licence to the customer, revenue will be recognised when the licence is issued. This is consistent with the current accounting treatment, therefore is no change expected under the new standard.

**AASB 16 Leases**

This standard will first apply to the PLA from its financial statements for 2019-20. When applied, the standard supersedes AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases – Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

**Impact for Lessees**

AASB 16 introduces a single lease accounting model for lessees. The lessee will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value. In effect, the operating lease (as defined by the current AASB 117) will be reported on the statement of financial position under AASB 16.

The PLA has completed its review of the impact of adoption of AASB 16 on the statement of financial position and statement of comprehensive income and has identified the impacts which are outlined below.

During the 2018/19 financial year, the PLA's operating lease was held by QPS, under AASB 117, from the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO). Lease payments under these arrangements totalled \$212,832 p.a.

In accordance with the Financial Reporting Requirements for Queensland Government Agencies (FRR 6A), effective 1 July 2019, amendments to the framework agreements that govern QGAO will result in the above arrangements being exempt from lease accounting under AASB 16. Under QGAO, DHPW holds substantive substitution rights over non-specialised commercial office accommodation, making PLA's lease arrangement exempt from on-balance sheet lease accounting. From 2019-20 onwards, costs for these services will continue to be expensed as supplies and services expense when incurred.

**23. Schedule of Agency Transactions**

	<b>2019</b>	<b>2018</b>
<b>Administered collections</b>	<b>\$</b>	<b>\$</b>
Infringement Notice Revenue *	5,931	7,486
<b>Total Administered Collections</b>	<b>5,931</b>	<b>7,486</b>
<b>Transfers to Government</b>		
Administered Collection Transferred to Treasury **	5,931	7,486
<b>Total Administered Expenses</b>	<b>5,931</b>	<b>7,486</b>
<b>Operating Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>

\* Prostitution Infringement Notices/Fines collected on behalf of Government were reclassified from User charges and fees (Note 2).

\*\* Administered Collection Transferred to Treasury was reclassified from Other expenses (Note 9).

**PROSTITUTION LICENSING AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2018-19**

**24. Budget vs Actual Comparison**

NB. A budget vs actual comparison, and explanations of major variances, has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

**Statement of Comprehensive Income**

	<b>Variance Notes</b>	<b>Original Budget 2019 \$</b>	<b>Actual 2019 \$</b>	<b>Variance \$</b>	<b>Variance % of</b>
<b>Income from Continuing Operations</b>					
<b>Revenue</b>					
User charges and fees	1	872,000	831,952	(40,048)	-5%
Grants and contributions		734,000	734,000	-	0%
Interest	2	45,000	37,824	(7,176)	-16%
Infringement notice revenue *	3	20,000	5,931	(14,069)	-70%
<b>Total Income from Continuing Operations</b>		<b>1,671,000</b>	<b>1,609,707</b>	<b>(61,293)</b>	<b>-4%</b>
<b>Expenses from Continuing Operations</b>					
Employee expenses	4	1,075,000	979,071	(95,929)	-9%
Supplies and services	5	331,000	301,831	(29,169)	-9%
Rental expenses		213,000	212,832	(168)	0%
Depreciation		13,000	12,685	(315)	-2%
Other expenses		19,000	17,621	(1,379)	-7%
Administered Collection Transferred to Treasury *	3	20,000	5,931	(14,069)	-70%
<b>Total Expenses from Continuing Operations</b>		<b>1,671,000</b>	<b>1,529,971</b>	<b>(141,029)</b>	<b>-8%</b>
<b>Operating Result from Continuing Operations</b>		<b>-</b>	<b>79,736</b>	<b>79,736</b>	<b>100%</b>
<b>Total Comprehensive Income</b>		<b>-</b>	<b>79,736</b>	<b>79,736</b>	<b>100%</b>

\* See note 23 - Schedule of Agency Transactions

**Explanations of Major Variances**

- 1 This variance is mainly due to the timing of the lodgement of brothel applications
- 2 This variance is due to the current low interest rates received on bank balances.
- 3 This variance is due to budgeted fines not received on behalf of the government.
- 4 This variance is mainly due to capacity planning in the staffing of compliance and enforcement functions.
- 5 This variance relates to a decrease in the yearly operating expense regime that includes printing, books & publications and legal expenses.

PROSTITUTION LICENSING AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2018-19

24. Budget vs Actual Comparison (cont'd)

Statement of Financial Position

	Variance Notes	Original Budget 2019 \$	Actual 2019 \$	Variance \$	Variance % of
<b>Current Assets</b>					
Cash and cash equivalents	5	1,467,000	1,592,374	125,374	9%
Receivables		8,000	6,974	(1,026)	-13%
Other Assets		9,000	7,421	(1,579)	-18%
<b>Total Current Assets</b>		<b>1,484,000</b>	<b>1,606,769</b>	<b>122,769</b>	<b>8%</b>
<b>Non-Current Assets</b>					
Other Assets-NC		5,000	374	(4,626)	-93%
Plant and equipment	6	70,000	79,121	9,121	13%
<b>Total Non-Current Assets</b>		<b>75,000</b>	<b>79,495</b>	<b>4,495</b>	<b>6%</b>
<b>Total Assets</b>		<b>1,559,000</b>	<b>1,686,264</b>	<b>127,264</b>	<b>8%</b>
<b>Current Liabilities</b>					
Payables		38,000	41,136	3,136	8%
Accrued employee benefits		29,000	25,324	(3,676)	-13%
Other liabilities	7	220,000	209,587	(10,413)	-5%
<b>Total Current Liabilities</b>		<b>287,000</b>	<b>276,047</b>	<b>(10,953)</b>	<b>-4%</b>
<b>Total Liabilities</b>		<b>287,000</b>	<b>276,047</b>	<b>(10,953)</b>	<b>-4%</b>
<b>Net Assets</b>		<b>1,272,000</b>	<b>1,410,217</b>	<b>138,217</b>	<b>11%</b>
<b>Equity</b>					
Accumulated surpluses.		1,272,000	1,410,217	138,217	11%
<b>Total Equity</b>		<b>1,272,000</b>	<b>1,410,217</b>	<b>138,217</b>	<b>11%</b>

Explanations of Major Variances

- 5 This variance is mainly due to the timing of the lodgement of brothel applications and an under budgeted staffing expenditure offset by supplies and services expenditure.
- 6 This variance is due to the timing of the implementation of the asset replacement program.
- 7 This variance is mainly due to the timing of the lodgement of brothel applications

PROSTITUTION LICENSING AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2018-19

24. Budget vs Actual Comparison (cont'd)

Statement of Cash Flows

	Variance Notes	Original Budget 2019 \$	Actual 2019 \$	Variance \$	Variance % of
<b>Cash flows from operating activities</b>					
<i>Inflows:</i>					
User charges and fees	8	977,000	850,150	(126,850)	-13%
Grants and contributions		734,000	734,000	-	0%
GST input tax credits from ATO		55,000	46,319	(8,681)	-16%
Interest receipts		45,000	37,899	(7,101)	-16%
<i>Outflows:</i>					
Employee expenses	9	(1,075,000)	(979,036)	95,964	-9%
Supplies and services	10	(559,000)	(496,574)	62,426	-11%
GST paid to suppliers		(55,000)	(46,319)	8,681	-16%
GST remitted to ATO		-	(387)	(387)	100%
Other		(79,000)	(23,020)	55,980	-71%
<b>Net cash provided by (used in) operating activities</b>		<b>43,000</b>	<b>123,032</b>	<b>80,032</b>	<b>186%</b>
<b>Cash flows from investing activities</b>					
<i>Inflows:</i>					
Sales of plant and equipment		-	-	-	0%
<i>Outflows:</i>					
Payments for plant and equipment	11	-	(6,786)	(6,786)	100%
<b>Net cash provided by (used in) investing activities</b>		<b>-</b>	<b>(6,786)</b>	<b>(6,786)</b>	<b>100%</b>
Net increase (decrease) in cash held		43,000	116,246	73,246	170%
Cash at beginning of financial year		1,424,000	1,476,128	52,128	4%
<b>Cash and cash equivalents at end of financial year</b>		<b>1,467,000</b>	<b>1,592,374</b>	<b>125,374</b>	<b>9%</b>

Explanations of Major Variances

- 8 This variance is mainly due to the timing of the lodgement of brothel applications. In 2018-2019 the PLA received \$209,587 of income that relates to 2019-2020. The variance in the other expenses mainly relate to the 2018-2019 unrecognised income and should be read as part of user charges and fees.
- 9 This variance is mainly due to capacity planning in the staffing of compliance and enforcement functions.
- 10 This variance relates to a decrease in the yearly operating expense regime that includes printing, books & publications and legal expenses.
- 11 This variance is due to the timing, depreciation and the net effect of the asset replacement program.

## CERTIFICATE OF THE PROSTITUTION LICENSING AUTHORITY

These general purpose financial statements have been prepared pursuant to s.62(1) of the Financial Accountability Act 2009 (the Act), section 42 of the Financial and Performance Management Standard 2009 and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with
- (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 2019 and of the financial position of the PLA at the end of that year.
- (c) As the Accountable Officer of the Prostitution Licensing Authority, I acknowledge responsibility under s.8 and s.15 of the Financial and Performance Management Standard 2009 for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Margaret Isaac  
Executive Director  
Date: 09 August 2019



Walter Tutt  
Chairperson  
Date: 09 August 2019

## INDEPENDENT AUDITOR'S REPORT

To the Board of the Prostitution Licensing Authority

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of the Prostitution Licensing Authority.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate provided by the Chairperson and the Executive Director.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

#### Other information

Other information comprises the information included in the entity's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon.

The Board of the Prostitution Licensing Authority is responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Responsibilities of the entity for the financial report**

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

### **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

**Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



19 August 2019

Melissa Fletcher  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane

# Appendix 1 - Annual report requirements for Queensland Government agencies for the 2018-2019 reporting period – Section 13.3 Government bodies (statutory bodies and other entities)

<b>Prostitution Licensing Authority (PLA)</b>					
Act or instrument	<i>Prostitution Act 1999</i>				
Functions	The PLA regulates prostitution in Queensland by administering the <i>Prostitution Act 1999</i> and the <i>Prostitution Regulation 2014</i> . The functions of the PLA are established by statute and include deciding applications for brothel licences and approved manager's certificates, monitoring the provision of prostitution through licensed brothels, and conducting disciplinary inquiries to decide whether there are grounds for taking disciplinary action against brothel licensees and approved managers.				
Achievements	<p>The last review of the Prostitution Act was conducted in 2011 by the Crime and Corruption Commission, which acknowledged the successful record of the PLA in regulating the state's licensed brothel sector. The PLA has maintained this high standard of regulation by careful vetting of applicants for brothel licences and approved manager's certificates to ensure that only suitable persons may influence the operations of brothels. PLA compliance officers continue to carefully scrutinise the operations of licensed brothels, by way of audits and inspections, revealing generally high levels of regulatory compliance.</p> <p>The PLA prefers to achieve compliance by education and cooperation with brothel licensees and approved managers but disciplinary action remains an option in appropriate circumstances. The PLA conducted one disciplinary inquiry during the year, deciding that there were grounds for taking disciplinary action, and disciplining the brothel licensee accordingly.</p> <p>Because the sex industry is largely cash based, it is attractive to organised crime in order to facilitate money laundering. Since the creation of the licensing framework, there has been no confirmed instance of official corruption or organised crime at brothels in the state.</p> <p>Licensed brothels provide a safe and healthy environment for the conduct of prostitution, with the PLA promoting high standards of health and safety and prioritising the autonomy and freedom of choice of sex workers at brothels. Since the creation of the licensing framework, there has been no confirmed instance of human trafficking at any of the State's licensed brothels.</p> <p>The operations of licensed brothels have a negligible impact on the community. They operate so discreetly that the PLA has never had a complaint about the impact on community amenity of any of the State's brothels.</p> <p>There were a number of key initiatives during 2018-19. The PLA continued its engagement with the QPS on stakeholder concerns over the scale and impact of illegal prostitution and is committed to continuing this engagement. The PLA continued to engage with the Government on the regulation of the State's sex industry. <i>The Guidelines about the approved form for prostitution advertising</i> were streamlined and simplified throughout the year. The brothel licence and approved manager's certificate conditions were also comprehensively reviewed, with an emphasis on simplicity and clarity.</p>				
Financial reporting	Not exempted from audit by the Auditor-General. Transactions of the entity are accounted for in the financial statements.				
<b>Remuneration</b>					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received
Chairperson	Walter Tutt	10	\$650 per day (plus superannuation)	N/A	\$44,846 (including superannuation)
Member	Assistant Commissioner Paul Stewart (resigned 12 August 2018)	1	N/A	N/A	\$0
Member	Assistant Commissioner Brian Codd (appointed 6 June 2019)	0	N/A	N/A	\$0
Member	Sharon Loder	9	N/A	N/A	\$0
Member	Diane Rowling	11	N/A	N/A	\$0
Member	Paul Tully	8	\$7,000 pa (plus superannuation)	N/A	\$7,639 (including superannuation)
Member	Margaret Grummitt	9	\$7,000 pa (plus superannuation)	N/A	\$7,639 (including superannuation)
Member	Lynette Palmen	10	\$7,000 pa (plus superannuation)	N/A	\$7,639 (including superannuation)
Member	Frances de la Cuesta Hunt	10	\$7,000 pa (plus superannuation)	N/A	\$7,639 (including superannuation)
No. scheduled meetings/sessions		11			
Total out of pocket expenses		\$0			

## Appendix 2 - Compliance Checklist

Summary of requirement		Basis for requirement	Annual report reference
<b>Letter of compliance</b>	<ul style="list-style-type: none"> <li>• <b>A letter of compliance from the accountable officer or statutory body to the relevant Minister/s</b></li> </ul>	ARRs – section 7	3
<b>Accessibility</b>	<ul style="list-style-type: none"> <li>• <b>Table of contents</b></li> </ul>	ARRs – section 9.1	1-2
	<ul style="list-style-type: none"> <li>• <b>Glossary</b></li> </ul>		4
	<ul style="list-style-type: none"> <li>• <b>Public availability</b></li> </ul>	ARRs – section 9.2	Inside Front Cover
	<ul style="list-style-type: none"> <li>• <b>Interpreter service statement</b></li> </ul>	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	Inside Front Cover
	<ul style="list-style-type: none"> <li>• <b>Copyright notice</b></li> </ul>	<i>Copyright Act 1968</i> ARRs – section 9.4	Inside Back Cover
	<ul style="list-style-type: none"> <li>• <b>Information Licensing</b></li> </ul>	<i>QGEA – Information Licensing</i> ARRs – section 9.5	N/A
<b>General information</b>	<ul style="list-style-type: none"> <li>• <b>Introductory Information</b></li> </ul>	ARRs – section 10.1	5-7
	<ul style="list-style-type: none"> <li>• <b>Machinery of Government changes</b></li> </ul>	ARRs – section 10.2, 31 and 32	N/A
	<ul style="list-style-type: none"> <li>• <b>Agency role and main functions</b></li> </ul>	ARRs – section 10.2	10
	<ul style="list-style-type: none"> <li>• <b>Operating environment</b></li> </ul>	ARRs – section 10.3	18
<b>Non-financial performance</b>	<ul style="list-style-type: none"> <li>• <b>Government’s objectives for the community</b></li> </ul>	ARRs – section 11.1	9
	<ul style="list-style-type: none"> <li>• <b>Other whole-of-government plans / specific initiatives</b></li> </ul>	ARRs – section 11.2	N/A
	<ul style="list-style-type: none"> <li>• <b>Agency objectives and performance indicators</b></li> </ul>	ARRs – section 11.3	21-22
	<ul style="list-style-type: none"> <li>• <b>Agency service areas and service standards</b></li> </ul>	ARRs – section 11.4	16
<b>Financial performance</b>	<ul style="list-style-type: none"> <li>• <b>Summary of financial performance</b></li> </ul>	ARRs – section 12.1	14-15

Summary of requirement		Basis for requirement	Annual report reference
<b>Governance – management and structure</b>	• <b>Organisational structure</b>	ARRs – section 13.1	9
	• <b>Executive management</b>	ARRs – section 13.2	7,9,52
	• <b>Government bodies (statutory bodies and other entities)</b>	ARRs – section 13.3	N/A
	• <b>Public Sector Ethics Act 1994</b>	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	22
	• <b>Queensland public service values</b>	ARRs – section 13.5	N/A
<b>Governance – risk management and accountability</b>	• <b>Risk management</b>	ARRs – section 14.1	23
	• <b>Audit committee</b>	ARRs – section 14.2	24
	• <b>Internal audit</b>	ARRs – section 14.3	24
	• <b>External scrutiny</b>	ARRs – section 14.4	24
	• <b>Information systems and recordkeeping</b>	ARRs – section 14.5	24,40
<b>Governance – human resources</b>	• <b>Strategic workforce planning and performance</b>	ARRs – section 15.1	39
	• <b>Early retirement, redundancy and retrenchment</b>	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	39
<b>Open Data</b>	• <b>Statement advising publication of information</b>	ARRs – section 16	40
	• <b>Consultancies</b>	ARRs – section 33.1	<a href="https://data.qld.gov.au">https://data.qld.gov.au</a>
	• <b>Overseas travel</b>	ARRs – section 33.2	<a href="https://data.qld.gov.au">https://data.qld.gov.au</a>
	• <b>Queensland Language Services Policy</b>	ARRs – section 33.3	<a href="https://data.qld.gov.au">https://data.qld.gov.au</a>
<b>Financial statements</b>	• <b>Certification of financial statements</b>	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1	62
	• <b>Independent Auditor’s Report</b>	FAA – section 62 FPMS – section 50 ARRs – section 17.2	63-65

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

## Contact Information

### Prostitution Licensing Authority

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A copy of the Act can be downloaded from the Queensland Legislation website – [www.legislation.qld.gov.au](http://www.legislation.qld.gov.au).

