



*out from
the shadows*

PROSTITUTION
LICENSING
AUTHORITY

ANNUAL
REPORT

2000-2001

TURN YOUR FACE
TO THE LIGHT
AND THE
SHADOWS WILL FALL
BEHIND YOU

unknown

Letter of transmission

October 2001

The Hon Anthony McGrady MP
Minister for Police and Corrective Services and
Minister Assisting the Premier on the Carpentaria Minerals Province
PO Box 195
BRISBANE ALBERT STREET QLD 4002

Dear Minister

The Prostitution Licensing Authority is pleased to present to you its first Annual Report. The Report covers the financial year 2000–2001, and fulfils requirements outlined in section 109 of the *Prostitution Act 1999* and section 46J of the *Financial Administration and Audit Act 1977*.

Yours sincerely

Mr W J Carter QC
CHAIR

Mr L Pollard
MEMBER

Mr T Carmody SC
MEMBER

Dr I Wilkey
MEMBER

Commissioner R Atkinson
MEMBER

Assistant Commissioner J McDonnell
MEMBER

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Message from the Chair

The *Prostitution Act 1999* came into operation on 1 July 2000. Its core purpose was to extend the range of legality in the provision of sexual services beyond that which had in 1992 confirmed the legality of sole operators.

Henceforth the regulation and control of prostitution was to include the operation of brothels controlled through a system of licensing. The Prostitution Licensing Authority is the statutory body which has the central role in that process.

It was entirely predictable that there would be a mixed response within the community to the legislation – from, on the one hand, an endorsement of a statutory process for the regulation and control of prostitution which realistically would continue in any event to, on the other, a stricter view which would see the legislation as an endorsement of immorality.

The interface between legality and morality in relation to this and other social issues is certain to generate debate. However, any government-initiated scheme which is designed to limit the incidence of sexually transmissible infections, to ensure the safety of female sex workers, to seek to avoid the exploitation of those workers, or to seek to minimise the incidence of official corruption should be matters beyond debate.

The Prostitution Licensing Authority is on a steep learning curve. We have good reason to be satisfied that at the end of its first year of operation, the Authority is now well placed to execute its statutory role in a way which should meet the expectations of the legislators and of the wider community.

For this we are indebted to the several agencies with whom we have dealt so far. In particular, I place on record the Authority's recognition of the work of its small staff, in particular that of the Registrar, Ms Margaret Isaac. They too have been on a steep learning curve, which they have negotiated with distinction.

Finally, I am indebted to my colleagues who constitute the Authority for their professionalism and support.

A handwritten signature in black ink, appearing to read 'W J Carter'.

W J Carter QC

CHAIR



Registrar's report

Over the last twelve months the Prostitution Licensing Authority has made a number of achievements, but none I value more than gaining an understanding of the quite complex issues that confront this industry. To achieve that, we have had to demonstrate that we are listening and, to the eternal credit of the members of the industry and Self Health for Queensland Workers in the Sex Industry (SQWISI), you have ensured that our understanding of the industry is complete and that we are thoroughly aware of the issues that matter most to workers. It is through building this understanding that we are going to strive for success in making the Prostitution Act work.

The responsibility placed upon us by government is not underestimated; to try and balance community expectations with a fair administration system. In managing the administration process with fairness and equity, it is critical that only bona fide persons are licensed. Transparency, fairness, accountability and timeliness are just words to many people but the Prostitution Licensing Authority is charged with the responsibility to give them true meaning. We walk the talk and ensure that by any measure these principles have been applied and that one has not been compromised for another.

A superficial look at our achievements to date would suggest that we have problems with timeliness. We are constantly being asked why applications take so long to decide. Problems concerning development approvals aside, the answer is this: as the licensing body responsible for receiving and deciding applications we are working within predetermined boundaries and limits as determined by law. There are no short cuts, there are no substitutes and there can be no rationing off of responsibilities. We are not interested in entertaining the 'hit and miss' theory nor are we about 'trial and error'.

Given that we are only 12 months old, our concerns can not be restricted to what happens next, but what happens after what happens next. The history of the Queensland sex industry pre and post Fitzgerald, which you will read about further on, has provided fertile ground for the Prostitution Licensing Authority to carry out its responsibilities. I consider this of absolute primary importance, both to provide better service to our clients and because it lessens the costs to the community in the long term. This ship has to float and be prepared for any weather, and we can not afford any short cuts that would compromise our sea worthiness. The industry and government is counting on us to get this right.

As an organisation we are making ground with yet still plenty of ground to make. Through our achievements to date, and with our strategic partners, we are gaining momentum. We expect that organisations such as Queensland Health, Work Cover, Family Services, Local Government and the Queensland Police Service, will ensure that important social issues such as sexual health, workplace safety and safety of women, organised crime and official corruption are given the attention they warrant. Our long term partnering with these key agencies will assist us in delivering best governance. Understanding our client needs and balancing the community governance expectations is never going to be simple, but with a skilled Prostitution Licensing Authority and a healthy climate of cooperation across all those interested stakeholders we will continue the momentum to achieve the best possible result.

A handwritten signature in black ink that reads "M Isaac".

M Isaac
REGISTRAR

Introduction to the PLA

Abbreviations

CJC	Criminal Justice Commission
EEO	Equal Employment Opportunity
LGAQ	Local Government Association of Queensland
PAC	Prostitution Advisory Council
PC	Personal Computer
PLA	Prostitution Licensing Authority
QCC	Queensland Crime Commission
QPS	Queensland Police Service
SOE	Standard Operating Environment
SQWISI	Self-health for Queensland Workers in the Sex Industry

The Prostitution Licensing Authority (PLA) was established by the *Prostitution Act 1999*. The PLA officially began operation on 1 July 2000 when the Prostitution Act became law in Queensland. The PLA had its inaugural meeting on 6 July 2000.

Mission statement

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

Values

Respect
Integrity
Health and safety

Operating principles

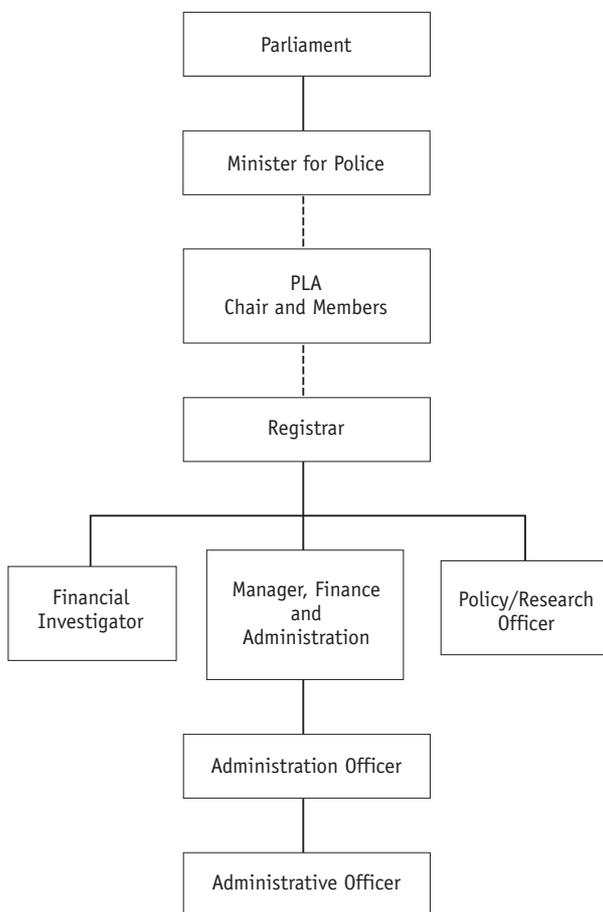
The PLA:

- acts in the public interest
- is committed to eliminating corruption and organised crime in the prostitution industry
- is committed to promoting and improving safety and health in the sex industry and in the wider community
- places emphasis on consultation to reach the objectives of the PLA
- provides a stimulating, satisfying and safe work environment free from discrimination on the basis of gender, race, religion, sexual preference or disability
- operates to ensure that all its activities are based on the best information and research available to it.

Reporting structure and organisation

The PLA employs six officers under the *Public Service Act 1996* to support the work of the PLA. Staff of the PLA answer to the Registrar, who in turn reports to the PLA. The PLA reports to the Minister for Police and the Parliament.

Figure 1: PLA organisational structure



Key achievements for 2000–2001

- > The PLA licensing system has been established and is operational.
- > A review of the PLA licensing database has been conducted.
- > A risk assessment has been completed on the processing of applications.
- > A complaint handling and referral policy has been developed and implemented.
- > Advertising guidelines for prostitution services provided by sole operators have been established.
- > Liaison has occurred with the print media in relation to appropriate advertising for newspapers.
- > An education strategy on the role and function of the PLA and the Prostitution Advisory Council (PAC) for key stakeholder groups has been implemented.
- > Security at the PLA office has been upgraded.
- > Law reform proposals relating to prostitution have been developed.
- > Negotiation has commenced with the Criminal Justice Commission (CJC) about its review of the Prostitution Act.
- > A Code of Conduct has been developed and implemented.
- > A Strategic Plan has been developed and will take effect during the 2001–2002 financial year.

from the dark days...

The history of prostitution in Queensland

The oldest profession

Prostitution in Queensland is not a new phenomenon. It has always existed in this State, but has often been shrouded in anonymity. From the penal settlements through to the colonial pastoral, mining and maritime frontiers, the role of prostitution in Australian society has been an important avenue for women's economic survival (Frances 1994).

From as early as 1881, a report of the Commissioner of Police suggested that eliminating prostitution was not practical and that prostitution should be regulated through a licensing system:

'Many complaints have been made during the year of the presence of prostitutes on the streets of Brisbane and applications have been made to the police to take steps for closing brothels and other places resorted to by this sort of woman. Such places will continue to exist and perhaps the best plan to adopt will be to place them under police supervision as much as possible, which might be done by licensing common lodging houses and giving police power to inspect them at any hour.'

It has always been the fear of disease and the consequential threat to the sexual health of the community that has presented the most powerful argument for controlling prostitution. Following the introduction of similar legislation in Britain, Queensland legislators passed the *Act for the Prevention of Contagious Diseases in 1868*. The Act imposed compulsory examination for venereal disease on registered prostitutes, upon penalty of imprisonment. The registration of prostitutes for the purposes of the Act created, in effect, a form of regulation.

The 'Contagious Diseases Act' was the target of some debate and criticism over time, with opponents of the legislation labelling it an 'unjust, degrading, demoralising failure' (Lewis 1998). Officials had wide discretionary powers to register an individual as a prostitute and the subsequent compulsory examination, focusing on only one party to the illicit transaction, was seen by some as a violation of civil liberties. If disease were discovered or suspected, or if the registered prostitute did not attend for the weekly examination, the Act provided for compulsory imprisonment in a 'lock hospital', an institution more akin to a prison than a hospital. Ultimately, the Act became ineffective as it applied only to

particular population centres. Towards the early part of the new century it was generally agreed there was no evidence that the Act had resulted in a decline in venereal disease (Lewis 1998).

The Act was finally rescinded in 1911, although the key elements of the framework survived in the *Health Act 1911*, which contained regulations requiring prostitutes to present for medical examinations. A proclamation was issued, applying to Brisbane, South Brisbane and adjacent towns and shires, which required continued fortnightly examinations of registered prostitutes (Lewis 1998).

The practical result of continued regulation was that prostitution in the metropolitan area became a relatively stable industry. A number of well-known 'houses of ill-repute' – which seem to have been relatively open and well-tolerated – operated in the inner-city and South Brisbane areas.

The established sex industry in Queensland rose to national attention during the Second World War, when the presence of large numbers of American servicemen in Queensland stretched the regulated and the unregulated sex industry to well beyond its capacity. In September 1942, the need for prostitutes became so intense that Prime Minister John Curtin decided to act:

fact:

A recent study of sex workers in Queensland found that about two-thirds of the sample had experienced threats, just over half had been the victim of a robbery, and about a third had been the victim of assault or sexual assault

Host 1999

'There were a quarter of a million servicemen in Brisbane, a number equal to the city's pre-war population. Curtin was told by State officials that they could no longer keep the peace unless more females were provided for the soldiers at once. The federal authorities were in fact very explicit in their approach to a Sydney underworld figure: Could anyone fill a train with warm, active females willing to help the war effort by relieving pressures building up on Brisbane? Sydney filled the train and Curtin gave it a high priority clearance.' (Moore 1981)

The established houses, known to the visiting Americans as 'cat houses', prospered. The longest queues were formed on Wednesdays – the day after the ladies' Health Department check. Excess demand, and the exclusion of black servicemen from some of the better areas of the city, gave rise to less salubrious establishments, usually close to liquor supplies.

South Brisbane was one such place and was a concern to both civil and military police.

During this period, the National Security (Venereal Diseases and Contraceptives) Regulations of 1942 came into force, granting the chief medical officer in each State the power to compel a person to undergo a medical examination and to detain and compulsorily treat the person. In response to a rise in the incidence of syphilis and gonorrhoea, and aimed at protecting the allied troops, the regulations were enthusiastically applied in Queensland, which was the only State in Australia to have retained the lock hospital. The regulations were almost exclusively applied to women, particularly registered prostitutes, and were repealed in 1945.

The Second World War had created a black market for numerous luxury foodstuffs and consumer goods and this situation persisted for several years after the war. In contrast to the localised corruption of the past, some police officers responded to the opportunity to engage in diverse corrupt activities. Such activity was defended on the grounds that the information so gained from informants helped solve crime.

In 1957, a Country Party – Liberal Government was elected in Queensland. A new Police Commissioner was appointed. Declaring that brothels had transgressed the guidelines concerning toleration, the Police Commissioner soon moved unilaterally to end the regulated system of prostitution.

In Cabinet, the Minister for Police produced a Cabinet minute stating his intention to close all brothels and to bring their control directly under the police. The Minister for Health warned that closing the brothels would drive the girls to freelance and reduce control of venereal disease.

In 1958, the Solicitor-General advised a government under pressure from the morality lobby that in the case of the house at 58 Albert Street:

The keeping of these houses is definitely unlawful, but every government has refrained from enforcing the law to such an extent, as to not close all these places up, there being little doubt that strict enforcement of the law would be against the public interest, not only from a

health point of view but also in many cases on the grounds of public safety.’ (Letter Solicitor-General to Under-Secretary, Department of Labour and Industry, 15 December 1958)

fact:

A study in New South Wales surveyed 280 female sex workers and found 98% consistently used condoms at work

Lovejoy et al
1991

Regulated prostitution in Queensland came to an end in 1959. Control of prostitution shifted from the Health Department to the Police Department, thereby creating a concentrated opportunity for corruption. Prior to this, police corruption appears to have been localised and based around arrangements with individual SP bookmakers and publicans infringing the liquor laws.

When the houses closed, the focus of prostitution moved into hotel lounges and inner-city flats. Hotel-based prostitution was highly visible and it became a glaring public issue in the early 1960s following allegations that police were involved with prostitutes and after-hours drinking at an inner-city hotel.

The resulting National Hotel Royal Commission failed to cast any light on the developing milieu. With hindsight, historians consider the Royal Commission to have been superficial, lasting only 34 days, involving few witnesses and commanding only limited terms of reference.

fact:

A study conducted of Melbourne students aged 17 to 20 found that 80% had sex with a regular partner in the previous three months, and only 18% had always used a condom

Moore 1991

The spectacular round of gangland killings in the Sydney underworld in 1967-68 saw several crime figures move north. The massage parlour and its close stablemate, the ‘photographic studio’, first appeared about this time.

In about 1979, when individuals with experience in the Sydney crime scene came to Brisbane and established several massage parlours and escort agencies, the Police Department’s Licensing Branch was again corrupted. Two groups dominated prostitution in Brisbane and the Gold Coast. Both had extensive interests in other criminal activities and their syndicates can fairly be described as organised crime.

Corruption of police between 1981 and 1987 enabled these two syndicates to prosper in the following ways:

- It provided security, making capital investment worthwhile
- The regulatory burden was borne only by the sex workers themselves

- A disproportionate amount of law enforcement was directed towards single sex workers, one effect of which was that street prostitution virtually disappeared from Brisbane.

Officials sought to give the impression that laws were being actively enforced. Impressive numbers of convictions were recorded, and the Police Department was quick to counter any suggestion that 'breaching' occurred by arrangement. However, in 1987, allegations were raised in articles appearing in *The Courier-Mail* by journalist Phil Dickie and in the ABC Four Corners program *The Moonlight State* about police corruption and toleration of organised crime in prostitution.

The allegations led to the establishment of the Fitzgerald Inquiry, which continued from 1987–1989. The Fitzgerald Inquiry discovered significant vice and apparent inaction by Queensland police in enforcing prostitution laws throughout the preceding years. Several former Licensing Branch officers, having abused their power by demanding favours and payment of protection monies from brothel owners, were subsequently charged and convicted of corruption. Fitzgerald recommended the establishment of the Criminal Justice Commission (CJC) and recommended that the proposed CJC undertake a review of prostitution laws to consider the merits of decriminalising prostitution.

In 1991, the CJC produced its report on prostitution, *Regulating morality? A review of prostitution laws in Queensland*, which was the result of significant research, consultation and survey work. The key recommendations of the report were that:

- Sole workers operating from their home should remain lawful
- Street soliciting should remain illegal
- Brothels of 2–10 workers (including a manager, security personnel, receptionist and sex workers) should be lawful subject to a licensing regime and local authority approval
- A Regulatory Board should be established which would report to the Minister for Health
- Minors should be protected from exploitation (CJC 1991).

The recommendations made by the CJC were considered controversial, with support coming from neither the Parliamentary Criminal Justice Committee nor the Government. The Government responded to the CJC report by introducing the *Prostitution Laws Amendment Act 1992*,

with the central aim of eliminating the involvement of organised criminal activity in the sex industry. The main features of the Amendment Act were that:

- Sole operators remained lawful
- Facilitating or controlling prostitution became an offence
- Police powers were increased to allow them to demand the name and address of any person associated with prostitution
- Police were granted the power to arrest without warrant
- Advertising prostitution was prohibited.

In introducing the legislation, the Police Minister stated that 'the Government recognises that prostitution will not be eliminated from our society, nor would it be appropriate to do so at the expense of other problems in our society'.

There was significant criticism of the legislation at the time of its introduction. Social and political commentators at the time dubbed the framework 'abolitionist'.

Some argued that the Amendment Act had failed to address the involvement of organised crime altogether and that sole operators were placed at increased physical risk. Amid predictions that the reforms would only drive prostitution further underground, make sex workers more vulnerable to coercion and create further opportunities for official corruption, the Government made a commitment to review the laws in due course.

The further review of the prostitution laws was eventually initiated by Government in the mid-1990s, although the discussion paper presented to Cabinet was never publicly released and the reform process stalled.

The review was recommenced with the change of government in 1998, when the newly elected government released a discussion paper and undertook an extensive process of consultation. The Prostitution Bill was introduced into the Parliament in 1999. It was read a second time on 10 November 1999 and, after debate, was passed and assented to on 14 December 1999. The Prostitution Act came into effect on 1 July.¹

fact:

One survey has shown that a large proportion of clients of sex workers, somewhere near half, are married men, and nearly half said they visited a sex worker at least once a month

Perkins et al 1996

¹ The PLA gratefully acknowledges the work of Anne Philtrip (Intelligence Analyst, CJC) who gave this description of the history of prostitution regulation which was derived from the CJC report entitled *Regulating morality: A review of prostitution laws in Queensland* and from an unpublished dissertation by L.Cullinan.

What have we learnt so far?

The sex industry, despite a strict law enforcement response to it, has survived in Queensland and, at times through history, has clearly prospered. In fact, one analysis of the Australian sex industry has estimated it to be an industry equivalent in economic significance to the sugar industry (Queensland Crime Commission and Queensland Police Service 1999).

Control of the industry has traditionally concentrated on efforts to ensure the sexual health of individual sex workers and, consequently, the enhanced sexual health of clients and the wider community.

In an attempt to address organised crime identified through the Fitzgerald Inquiry, the Prostitution Laws Amendment Act represented a move away from a policy of containment and toleration of brothels and escort agencies to a policy of strict enforcement of the criminal law. Increased law enforcement, enhanced by increased police powers, has seen a reduction in the number of large illegal traditional-style brothels in Queensland. For the most part, illegal brothels that continue to operate in Queensland consist of premises in which small numbers of workers operate (not necessarily at the same time) while trying to maintain the appearance of being single operators.

The net effect of the Prostitution Laws Amendment Act had been to drive the sex industry further underground. This had resulted in workers avoiding contact with health officials and has effectively created opportunities for official corruption. As a result of these laws and due to high levels of police activity, sex workers have operated within an inaccessible, fragmented industry for fear of attracting police attention.

Before 1992, Queensland Health clinicians had access to workers through 'tolerated brothels' and through advertisements for prostitution. After 1992, with the prohibition on advertising and the end of tolerated brothels, health specialists had to rely on word of mouth which was frustrated by the breakdown of previously established networks. It has been reported that the relationship of trust which had developed between health workers and sex workers

prior to 1992 deteriorated after that time. In the case of single workers, any female health worker entering the premises could compromise the sex worker if it was viewed by police that 'two workers' were operating from the premises.

fact:

Many members of the community believe that sex workers are more likely to spread sexually transmissible infections than other members of the community. Evidence collected in Australia in the past decade does not support this belief

Queensland Government
1998

In the debate leading up to the introduction of the Prostitution Bill, health workers argued that introducing licensed brothels would go some way to alleviating these problems. A regulated industry, where workers could operate openly from brothels, would facilitate access to workers for the provision of peer support and education and the implementation of consistent safe sex policies. Licensed brothels, it was argued, would enable the effective regulation of health-related practices occurring on the premises – with management encouraging staff to attend medical services and having greater control over client compliance with rules requiring the use of condoms and other safe sex practices.

Police themselves have agreed that enforcing prostitution laws is difficult and expensive, particularly in relation to investigating organised prostitution. Obtaining evidence on which to base a successful prosecution is difficult in the case of victimless crimes (crimes in which there are no traditional victims that report offences to police).²

fact:

HIV prevalence among females identifying as sex workers remains low, at around 0.1%

Australian National Council
on AIDS and Related
Diseases 1999

Police often have to conduct lengthy surveillance to establish whether one or two workers are operating out of a particular premises, particularly when workers are not working simultaneously. It is also very difficult and time consuming for police to gather evidence to show that apparently single operators are, in fact, part of an organised network. After police have invested the time and resources necessary to secure a conviction, an illegal brothel will often simply reopen or relocate elsewhere and continue to operate. Because brothels have developed the ability to be highly mobile, sex workers have often operated in environments with poor working conditions and poor occupational health and safety standards.

The public health imperatives, and the difficulty of enforcing unrealistic laws, has led to an approach of official tolerance and containment of prostitution, rather than outright abolition. In reforming the prostitution laws in Queensland,

the Government has sought to reflect the reality of prostitution as a continuing social issue and to reflect community expectations about how prostitution should be handled. Recognising that organised crime is a critical issue, the criminalisation of organised prostitution made it more difficult for the police to investigate any other associated illegal activity, with participants in the illegal industry being reluctant to co-operate with police. Police intelligence suggests that, despite assiduous enforcement, illegal operatives from the pre-Fitzgerald era, some of whom have links to other areas of organised crime, continue to operate in Queensland.

There is an almost universal acceptance by the community that prostitution will always occur in one form or another. A significant majority favour its regulation and control. Since the first public attitude survey of prostitution in 1991 (CJC 1991), there has been little or no change in public feeling about the issue (Queensland Government 1998). The majority of Queenslanders believe that prostitution exists in Queensland, with a significant majority believing there is nothing wrong with a person paying for sex, and that two or more prostitutes should be allowed to work from premises in non-residential areas. Since the introduction of the Prostitution Act, surveys have confirmed these attitudes.

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² Prostitution offences in reality involve informed consenting adults – the provider and the receiver of the services. With crimes that have a victim, police have a complainant willing to give evidence and often witnesses and corroborating evidence that can then be presented in court. This is rarely the case with prostitution offences.

...into the light of day

The first twelve months of the Prostitution Act 1999

Our first year in business - Implementing the Prostitution Act

A new phase in the regulation and control of prostitution in Queensland began on 1 July 2000. The enactment of the Prostitution Act has moved the issue significantly beyond where it stood as a result of the enactment of the Prostitution Laws Amendment Act. The latter had confirmed the legality of sole operators in the sex industry who worked at their own premises or who provided sexual services to clients at the latter's home, hotel or other address (the so-called escort services). The 1992 legislation created offences in respect of those who knowingly participated in the provision of prostitution by another. The totality of these legislative provisions effectively rendered unlawful the provision of sexual services at a brothel which employed persons to provide infrastructure support for both sex workers and clients.

Effective law enforcement, consequential upon the enactment of the 1992 legislation, had the effect of closing many existing known brothels and thereby fragmented the sex industry to the point that the capacity of Queensland Health to effectively address issues of sexual health in the community was seriously compromised. Henceforth, sole operators were to remain the only form of 'legal' prostitution. One unfortunate consequence of this was an escalation in the incidence of serious assault upon female sex workers.

Accordingly, the Prostitution Act, which came into effect on 1 July 2000, was to enlarge the extent of legality in the provision of sexual services in Queensland by the core provision in the legislation that sexual services could lawfully be provided at a licensed brothel.

One can readily identify four compelling reasons for regulating and controlling prostitution by means of a system of licensed brothels:

- 1 The issue of the sexual health of the community can be more effectively addressed through a process which not only insists on safe sex practices but which also imposes on licensees sexual health standards as a condition of a licence.
- 2 The safety of sex workers within a licensed brothel can be assured by the provision of security measures both as a matter of law and as a condition of a licence.

- 3 The promotion of acceptable workplace practices within a licensed brothel, which, inter alia, are designed to avoid the exploitation of sex workers, can best be assured within a licensing system.
- 4 The risk of official corruption, which is demonstrably an incident of maintaining an illegal sex industry, can be minimised.

Commencement and consultation

The first working day in the life of the Prostitution Act was Monday 3 July 2000. A small staff handled the numerous phone calls only with considerable difficulty. Callers included prospective applicants, sex workers, those engaged unlawfully in the sex industry, lawyers, accountants, real estate agents, media representatives and members of the community who

hold competing views about the regulation and control of the sex industry. In the following

days this process was persistent. On Thursday, 6 July 2000, there were 216 hits on the PLA web site. The available supply of application forms was quickly exhausted.

One can safely conjecture that this immediate flood of apparent interest was the product of a number of factors:

- An unrealistic expectation that obtaining a brothel licence was a mere formality and that it was a case of first in, first served
- Sheer curiosity

- A lack of understanding of the fact that the establishment of a licensed brothel required development approval by local government for the premises and a rigorous process of scrutiny and probity as part of the licensing requirements

- A poor understanding of the legislation and its requirements
- A realisation upon perusal of the application form that the PLA was required to elicit a significant body of personal and financial information from intending applicants.

At the outset it was apparent to the members of the PLA, and some members of the PAC (the PAC included some persons engaged in or knowledgeable about the operation of the sex industry), that consultation with the various stakeholders was necessary to better understand the sex industry, its

fact:

The annual earnings of the Australian sex industry are estimated to be \$1.25 billion. It is estimated that, across Australia, there are 800 legal brothels and as many as 350 illegal brothels, employing about 16,000 people, and servicing as many as 12.5 million client visits annually. It is estimated that the annual earnings of the sex industry are equivalent in economic significance to the sugar industry.

QCC and QPS 1999

participants and its potential clientele and the issues identified above which had led to the enactment of the legislation.

The Chair and Registrar of the PLA visited Melbourne, conferred with officers of the Business Licensing Authority and visited a number of licensed brothels to confer with licensees, managers and sex workers. The licensing model for regulation and control of the sex industry in Queensland is modelled on the Victorian prostitution legislation and is to be contrasted with that operating in New South Wales, the Australian Capital Territory and the Northern Territory.

Consultation continued with representatives of the Local Government Association of Queensland (LGAQ), councillors and planning staff of the Brisbane, Gold Coast, Ipswich, Mackay, Townsville and Cairns City Councils, representatives of SQWISI in Brisbane, Gold Coast, Townsville and Cairns, sole operators, brothel managers and staff in the Tweed district of New South Wales, intending applicants and members of community groups.

As this report discloses, the PLA, in the period 1 July 2000 to 31 January 2001 received 11 applications for a brothel licence and four applications for a manager's certificate. On 7 June 2001, the PLA granted its first licence to three persons who are associated with the one premises located within the City of Brisbane. Other applications are currently under consideration in respect of premises in Cairns, Townsville and the Gold Coast. The PLA is aware of premises which have been approved for development as a brothel in Logan City and the Gold Coast, but in respect of which it has not yet received an application for a brothel licence.

It is readily apparent, therefore, that the level of interest which emerged at the commencement of the Act's operation, did not translate into serious applications for a brothel licence.

Consultation has revealed some of the probable reasons for this:

- Ignorance of or misunderstanding about the legislative requirements for development approval by local government for premises, about the requirement of the PLA for approval of a brothel licence and about the legislation generally.
- Concern about certain legislative restrictions which are perceived to operate adversely upon the financial viability of the brothel.

- The reluctance of those who presently operate unlawfully to undertake the processes involved in having premises approved by local government and in having a licence granted by the PLA.
- The delays likely to be encountered in the premises approval process and in obtaining a licence, particularly where a significant investment in property is involved, the completion of which is conditional upon the approval of premises and the granting of a licence.
- An apparent reluctance on the part of some sections of local government to approve premises for political and/or moral reasons.
- Perceived shortcomings in the legislation itself which inhibit the establishment of a proper system of licensed brothels and which unduly restrict the number of potential applicants.

It was realistic at the outset to assume that the establishment of licensed brothels would take some time. The need to identify and acquire suitable premises, obtain development approval for the premises and the grant of a brothel licence is reasonably time consuming. There are present indications that the level of real interest may now quicken, more particularly as licensed brothels continue to be established. However, one can only be cautiously optimistic.

There are sound social reasons for the regulation and control of the sex industry. These have been identified above. Again, the known results of community surveys can leave one in no doubt that a significant majority of Queenslanders favour the regulation and control of the sex industry. Many who presently operate illegally have indicated their preference to operate lawfully and thereby avoid the impact of law enforcement. However, such persons remain reluctant to embrace involvement in the licensed brothel environment or are prohibited from doing so.

These and related issues have continued to engage the attention of the PLA in the course of its first year of operation. Its developing knowledge and understanding of the sex industry and of those engaged in it have enabled the PLA to confidently identify the factors which are likely to inhibit the achievement of those worthy social objectives which are integral to the proper regulation and control of the sex industry.

At the same time, the PLA remains conscious of the moral issues inherent in prostitution and the concerns of those persons who energetically voice their objections on moral grounds to the licensing legislation. The PLA invites those

fact:

Recent data from Queensland Health show that less than 2% of clients attending sex worker outreach clinics were diagnosed with a sexually transmissible infection

Queensland Health
submission

persons to recognise that the Parliament has enacted laws which, for good social reasons, are designed to properly regulate and control what might be seen as a vice.

The implementation of the legislation

The PLA is satisfied that the proper implementation of the Prostitution Act depends upon effective law enforcement in respect of illegal prostitution. The integrity of the licensing system, and of the brothel licence itself once issued, requires the protection by law enforcement of those who choose to accept the conditions which attach to the licence, including the obligation to pay licence fees, against those who operate illegally.

The PLA has therefore been concerned to explore the reasons why there persists an apparent reluctance on the part of otherwise responsible brothel operators, albeit operating unlawfully, but who seemingly prefer to remain outside the licensed system.

Accordingly, the PLA, in the course of its first year of operation, considered it appropriate to express its views on the operation of the legislation to the Honourable the Minister for Police and Corrective Services. At the same time the PLA recognises that issues of policy are a matter for government. The PLA's obligation to the Honourable the Minister and the Government in this respect consists only of the need for the PLA to ensure that the Honourable the Minister and the Government are properly and fully informed in relation to the operation of the legislation and, based on its knowledge and experience, to identify features of the legislation which might engage the attention of the Parliament.

Accordingly, the PLA has advised the Honourable the Minister of its concerns in relation to matters which impact adversely upon the optimal implementation of the Act in the pursuit of its objectives. Since assuming office, the Minister has generously received the submissions of the PLA and has himself initiated discussions with the various stakeholders. Matters discussed include:

- The definition of 'brothel' and whether the minimum number of persons should increase from two to three and the maximum from five to six. Such a proposal would facilitate the legality of a cooperative arrangement between two workers (rather than operate singly) so as to

enhance safety and avoid the need for two sex workers to apply for a brothel licence. This proposal is based on the Victorian model.

- Removing the prohibition upon applicants who have previously been convicted of an offence the facts of which constitute the running of a brothel.
- Permitting sex workers in a licensed brothel to provide escort services in accordance with the requirements of the licence in the interests of ensuring enhanced safety for workers.
- Removing the restriction which limits the number of workers to the number of rooms in the licensed brothel in the interests of providing more acceptable working conditions.
 - Reviewing the dual application process which involves separate applications to local government and to the PLA.
 - Amending the definition of 'industrial area' in the Integrated Planning Regulations to provide greater clarity.

fact:

Queensland police have reported that there is only limited street prostitution in Queensland which appears to be mostly disorganised and concentrated in the Fortitude Valley and New Farm areas of Brisbane

Queensland Government
1998

fact:

The majority of sex workers report having been offered more money by clients to not use a condom

Boyle et al 1997

Consultation with LGAQ and local government has been generally productive and positive, although some sections of local government are seemingly intransigent and continue to refuse to consider favourably development applications for premises, although these comply with existing legal requirements. This has resulted in applicants having to initiate costly litigation and to bear the associated delay and frustration.

The PLA, because of the statutory requirements in relation to probity checks for applicants, has necessarily had to work closely with the Queensland Police Service (QPS). Some aspects of this relationship were initially problematic, but these 'teething' problems have been addressed cooperatively and the PLA now enjoys the wholehearted support of those police who have been assigned to the Prostitution Enforcement Taskforce. The PLA has come to value highly the assistance of not only the Commissioner, himself a member of the PLA, but also that of Assistant Commissioner Kidcaff and Chief Superintendent Swindells of State Crime Operations Command.

The operation of the PLA

CORPORATE GOVERNANCE

The Prostitution Licensing Authority

Membership

The Prostitution Act prescribes the membership of the PLA, which must include:

- The chair – an independent, respected member of the community nominated by the Premier
- The commissioner of police, or a police officer of at least the rank of superintendent nominated by the commissioner
- The crime commissioner, an assistant crime commissioner or general counsel nominated by the crime commissioner
- A doctor who has at least five years' experience in community health
- A lawyer who has been admitted for at least five years and has knowledge of or experience in administrative law, company law or criminal law
- A senior representative of the LGAQ.

In good hands... the members of the PLA

The current members of the PLA were all appointed on 4 May 2001 for a four-year term, except for the Chair, who was appointed for two years.



Mr Bill Carter QC,
Chair

Mr Carter graduated as a lawyer from the University of Queensland in 1959, was appointed to the District Court of Queensland in 1980 and to the Supreme Court in 1983. Since leaving the Supreme Court, Mr Carter has served in several high profile public positions, including serving as the Chair of the Commissions of Inquiry into Police and Drugs (1996–1997), Operation Trident (1992–1993) and Townsville Psychiatric Unit (Ward 10b) (1990–1991).



Commissioner
Bob Atkinson

Mr Atkinson was sworn in as a member of the QPS on 30 October 1968 and was appointed as Commissioner of Police on 1 November 2000. He has served through the State from Goondiwindi to Cairns performing a wide range of operational and managerial roles. Mr Atkinson has a Certificate in Criminal Justice Education, a Graduate Certificate in Police Management and is currently completing a Bachelor of Administrative Leadership.



Assistant Commissioner
John McDonnell

Mr McDonnell is the current and inaugural head of the Ethical Standards Command in the QPS, and has served with the Service since he joined in the early 1960s. Among his many appointments within the QPS, Mr McDonnell has served with the United Nations Peacekeeping Force in Cyprus, the Fitzgerald Implementation Unit and was the Director of Operations, CJC. He was awarded the Australian Police Medal in January 1994. Mr McDonnell, who assists Mr Atkinson, is an officer of at least the rank of superintendent, and has been nominated by the Commissioner as his representative.

Role

The PLA decides whether to grant brothel licences and managers' certificates. In addition, the Prostitution Act establishes that 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 the police service with a view to assisting the police service
- collecting fees under the Prostitution Act
- informing relevant government departments and agencies about possible offences that are detected while carrying out its functions
- informing the PAC about issues and trends relevant to its functions
- approving advertising for prostitution
- maintaining a licence and certificate register.



Mr Tim Carmody SC

Mr Carmody was appointed the Queensland Crime Commissioner in 1997. Prior to that, Mr Carmody served as prosecution and defence counsel in a number of major criminal matters and had significant experience as an appellate lawyer in the criminal jurisdiction. Mr Carmody worked as Counsel Assisting on several key inquiries, including the Fitzgerald Commission of Inquiry into Suspected Police Corruption and Related Matters. Mr Carmody's appointment is required by legislation.



Mr Lance Pollard

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



Dr Ian Wilkey

Dr Wilkey was the Medical Superintendent of Royal Brisbane Hospital and has previously held Medical Officer positions within the Queensland and Papua New Guinea health systems, including as a Director of the Laboratory of Microbiology and Pathology and the Director-General of Health and Medical Services. Dr Wilkey is appointed as a medical practitioner who has at least five years' experience in community health as per legislation.



Ms Deborah Miles

Ms Miles has been the Social Policy Advisor for the LGAQ since 1995 and has contributed significantly to local government in relation to current and emerging social policy issues during that time. Ms Miles graduated with a Bachelor of Social Work in 1993 and has also worked as a Community Development Officer at Redland Shire Council. Ms Miles was appointed as a senior representative of the LGAQ as required by the legislation. Ms Miles resigned from the LGAQ and the PLA in May 2001.



Meetings

The PLA meets once a month, and at other times as necessary. Between 1 July 2000 and 30 June 2001, the PLA met 11 times.

Table 1: Attendance at meetings of the PLA

Name	Number of meetings attended (N=11)
W. Carter (Chair)	11
R. Atkinson	1
T. Carmody	10
J. McDonnell	10
D. Miles	9
L. Pollard	11
I. Wilkey	11

Remuneration

The chair and members of the PLA were paid, as determined by the Governor-in-Council, a total of \$50,653 during the financial year 2000–2001.

The Prostitution Advisory Council

The Prostitution Act established the PAC, which reports to a ministerial committee comprising the Ministers administering the following Acts:

- The Prostitution Act
- *Family Services Act 1987*
- *Health Act 1937*
- *Liquor Act 1992*.

An Annual Report about the operations of the PAC will be submitted to the ministerial committee as required by section 122 of the Prostitution Act.

Membership

The PAC comprises 12 individuals from various backgrounds. The Prostitution Act requires that the membership of the Council include both men and women, some of whom fulfil the following characteristics:

- A person who represents sex workers in Queensland
- A person who has experience as a sexual health care doctor or social worker with sex workers
- A person who has knowledge of relevant issues for marginalised or disadvantaged young people
- A person who is representative of religious or community interests.

Role

The PAC has a wide range of obligations, and is principally responsible for providing advice on prostitution. The PAC:

- Advises the ministerial committee on issues related to the regulation of prostitution in Queensland
- Monitors the operation of the Prostitution Act

- Liaises with the PLA, the QPS and other agencies to assist them in carrying out their function
- Refers matters it considers appropriate for investigation to an agency of government or any other entity for investigation
- Promotes and coordinates programs that:
 - > Promote sexual health care
 - > Help prostitutes to leave prostitution
 - > Divert minors and other vulnerable persons from prostitution, especially opportunistic prostitution
 - > Raises awareness in sex workers, judicial officers, police, community workers and the community about issues relating to prostitution.
- Promotes the dissemination of information about:
 - > The dangers inherent in prostitution
 - > Security measures to improve the personal safety of sex workers.
- Coordinates the development of codes of practice for licensed brothels.

Meetings

During the financial year 2000–2001, the PAC met nine times.

Remuneration

The Chair and members of the PAC were paid a total of \$26,534 during the financial year 2000–2001, as determined by the Governor-in-Council. Payment of fees to PAC members was funded from the PLA budget.

Strategic Plan

The PLA Strategic Plan 2001–2004 was developed and approved in the latter part of the financial year, and the Plan will become effective later in 2001.

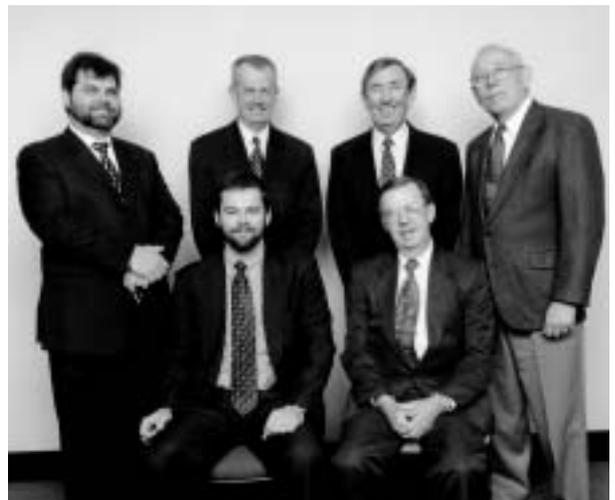
The Strategic Plan establishes five key goals to guide the activities of the PLA over the coming four-year period. These goals are:

1. To ensure an efficient and effective brothel licensing system to regulate prostitution in Queensland.
2. To inform the public about the legal framework for prostitution.
3. To ensure licensed brothels are operating to best practice standards.
4. To develop strategic liaisons with key agencies.
5. To provide a safe, fair, productive and satisfying workplace.

The Strategic Plan demonstrates how the PLA will contribute to the Government's aim to create safer and more supportive communities, where all Queenslanders are respected and where workplace health and safety for all workers is a high priority. As required by the Financial Management Standard 1997, the Strategic Plan will be reviewed after 12 months.

PLA Code of Conduct

High ethical standards are critical to the success of the PLA. With this in mind, the PLA has approved a Code of Conduct, which became effective on 8 February 2001. All staff of the PLA were consulted in the development of the Code of Conduct, as were the Corruption Prevention Division of the CJC and the QPS. A copy of the Code of Conduct has been provided to all staff members and all members of the PLA and PAC. All PLA staff have attended a briefing on the Code of Conduct. The Code of Conduct is available for inspection by members of the public from the office of the PLA.



Rear left to right: Tim Carmody, Bob Atkinson, John McDonnell, Ian Wilkey
Front left to right: Lance Pollard, Bill Carter

REVIEW OF BUSINESS

The work of the PLA comprises four main areas:

1. **Brothel licensing and monitoring**
2. **Advertising prostitution**
3. **Liaison and assistance**
4. **Corporate support.**

Each work area fulfils an aspect of the legislative framework and shows the PLA's progress towards implementation of the Prostitution Act. Each of the four work areas is described in the pages following.

1. Brothel licensing and monitoring

The core business of the PLA is to issue brothel licences and managers' certificates to suitable people and to monitor licensed brothels.

Key achievements for 2000–2001

- > The PLA licensing system has been established and is operational.
- > A review of the PLA licensing database has been conducted.
- > A risk assessment has been completed on the processing of applications.
- > Law reform proposals relating to prostitution have been developed.

Performance indicators

- > Number of brothel and certificate applications received and processed.
- > Number of complaints by police about information provided by the PLA.
- > Number of complaints by licence and certificate holders about PLA liaison.
- > Applications processed within the PLA and forwarded to the QPS within 60 days.
- > Number of certificates issued declaring prohibited brothels.

What is involved in issuing a brothel licence or manager's certificate?

When an individual applies for a brothel licence or a manager's certificate, the Prostitution Act requires a range of complex inquiries to be made.

The PLA must first be satisfied that an individual is eligible to apply for a licence. The individual applying must not:

- be a corporation, a minor or an insolvent under administration
- hold a licence or permit under the Liquor Act
- have been convicted of a disqualifying offence
- have had a licence, permit or certificate under the Prostitution Act or a corresponding law cancelled in the last three years.

In certain circumstances the PLA must automatically refuse the application. For example, the PLA would be required to refuse an application if:

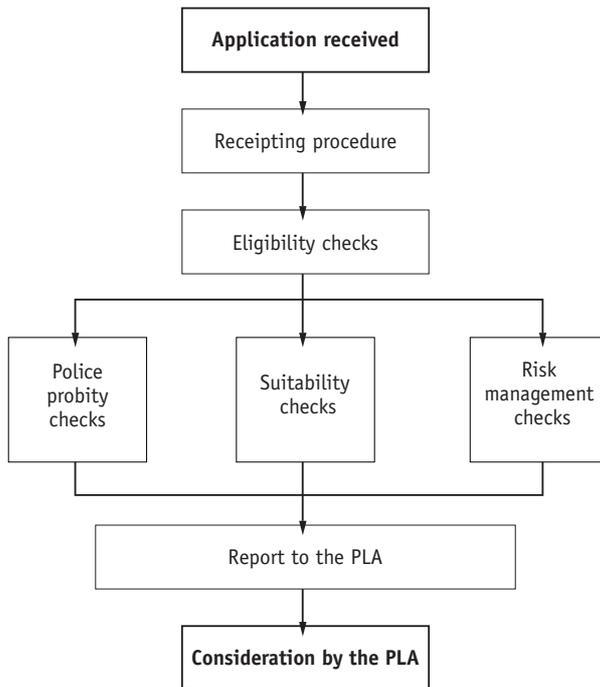
- the applicant had been convicted of an offence, the facts of which constitute the running of a brothel
- the applicant had an interest in another licensed brothel
- for a brothel application, the number of licensed brothels or adult entertainment permits in the locality where the proposed brothel will be situated would change the character of the locality into a 'red light district'.

Finally, and most importantly, the PLA must be satisfied that applicants are suitable people to hold a licence. The PLA is obliged to consider the applicant's reputation, having regard to their character, honesty and integrity. In particular, the PLA must consider whether applicants:

- have been convicted of an offence against the Prostitution Act or a corresponding law
- have been convicted of an indictable offence or charged with certain sexual offences
- can show that the business will be financially viable (brothel licence only)
- can show that sex workers will be safe while working at the brothel (brothel licence only)
- can show that the business structure is sufficiently transparent to enable all associates to be readily identified (brothel licence only)
- are an associate of a person convicted of a disqualifying offence or an indictable offence
- are an associate of a body corporate, an executive officer of which has been convicted of a disqualifying or an indictable offence
- have an associate who holds a licence or permit under the Liquor Act.

A process has been initiated that enables the collection of all relevant information for the PLA to decide whether a licence should be granted to an individual. The process involves the following key steps:

Figure 2: Application processing



How many licences and certificates have been granted?

The PLA has granted a brothel licence in respect of a premises at Bowen Hills.

To date, the PLA has received 22 applications from 20 individuals for brothel licences and managers' certificates. There were equal numbers of brothel licences and managers' certificates received. Table 2 explains the status of the 22 applications.

Table 2: Status report of brothel licence and managers' certificates received by the PLA

Status	Number of applications
Approved	1 brothel licence (3 applicants)
PLA disposed to refuse	2 brothel licences 1 manager's certificate
Withdrawn	1 brothel licence 3 managers' certificates
Under investigation	5 brothel licences 7 managers' certificates

Prohibited brothels

The Prostitution Act established a new procedure to enable a building to be declared a prohibited brothel. Any police officer, member of the PLA or an officer of the local authority may apply to a Magistrates Court for an order to declare a building an illegal brothel. After the declaration has been made, it must be published on two consecutive days in the local newspaper, displayed on the entrance to the building and served on the occupier or owner of the building. After publication of the declaration, any person found in the building, or entering or leaving the building, can be charged with a criminal offence, unless there is a lawful reason to be there.

Since the introduction of the Act, there have been nine prohibited brothel declarations initiated by the QPS. The QPS has reported that, due to the failure of one such application in the Magistrates Court, it has ceased making applications for prohibited brothels. The QPS has stated that legislative amendment of the Prostitution Act will be required before any further applications for prohibited brothels are made.

Applications for prohibited brothels have not been made by the PLA, or by an officer of a local authority.

Development applications for approved premises

While the PLA is responsible for issuing brothel licences to individuals, local authorities are responsible for deciding where brothels will be located. Individuals intending to establish a licensed brothel must apply to the local authority for approval to use a building for the purpose of running a licensed brothel. If the proposed brothel will be situated in an 'industrial area', the Integrated Planning Regulation 1998 directs the local authority to apply a set of conditions, which are listed in the Prostitution Regulation 2000. If the application meets these conditions, the local authority must approve the application. However, if the brothel is planned for an area that is not industrial, the local authority may use an impact assessment approach to decide whether the application should be approved. Impact assessment involves advertising that an individual intends to convert the building into a brothel and seeking any objections from the local community.

During the financial year 2000–2001, there were 18 applications made to local authorities for brothels in their area. Only six development applications were approved (refer to Table 3).

Table 3: Development applications to local authorities, 2000-2001

Location	Assessment	Date lodged
Local authority approvals		
Brisbane	Code	23-4-01
Gold Coast	Impact	8-9-00
Gold Coast	Code	9-3-01
Logan	Code	14-12-00
Townsville	Code	6-11-00
Cairns	Code	2-10-00
Local authority refusals		
Gold Coast	Code	17-8-00
Toowoomba	Code	2-3-01
Toowoomba	Code	19-3-01
Cairns	Code	13-11-00
Applicant withdrew the application		
Brisbane	Code	8-9-00
Brisbane	Code	13-9-00
Brisbane	Code	3-1-01
Cairns	Code	1-11-00
Application still in progress at 30 June 2001		
Gold Coast	Unsure	12-9-00
Gold Coast	Unsure	23-5-01
Gold Coast	Unsure	27-6-01
Noosa	Code	July, 2000

Under the Prostitution Act, towns with a population of less than 25,000 people are entitled to seek exemption from the obligation to consider development approval for brothels in their area. Towns that fall into this category must make application to the Minister for Police and obtain the approval of the Minister before they can automatically refuse applications for brothel premises. During the financial year 2000-2001 there were 102 towns or shires in Queensland that sought and obtained approval from the Minister for Police to automatically refuse development approval for brothels in their towns. These towns are listed in Table 4.

Table 4: Towns that have obtained approval from the Minister for Police for exemption from considering development applications for brothels

Date of request	Town or shire
11-04-00	Pittsworth
26-04-00	Talwood, Bungunya, Toobeah, Yelarbon
23-05-00	Gatton, Allora, Dalveen, Emu Vale, Karara, Leyburn, Maryvale, Mount Colliery, Pratten, Tannymorel, Warwick, Yangan
29-06-00	Wondai, Tingoora, Mondure, Hivesville, Proston, Durong
03-07-00	Moranbah, Clermont
13-07-00	Blackall
24-07-00	Burdekin Shire townships
24-07-00	Chinchilla Shire
24-07-00	Millmerran, Cecil Plains
25-07-00	Helidon, Withcott, Murphy's Creek, Thargomindah, Hungerford, Noccundra, Murgon
26-07-00	Stanthorpe, Wallangarra
27-07-00	Boonah, Kalbar, Aratula, Warrill View
03-08-00	Clifton, Nobby
04-08-00	Aramac, Muttaborra
09-08-00	Emerald
14-08-00	Dalby, Oakey, Cotswold Hills, Torrington, Glenvale, Westbrook, Wyreema, Cambooya, Southbrook, Biddeston, Aubigny, Mount Tyson, Jondaryan
16-08-00	Atherton, Tolga, Kairi, Tinaroo, Walkamin
22-08-00	Kingaroy, Coolabunia, Crawford, Kumbia, Memerambi, Wooroolin, Mareeba, Kuranda, Dimbulah, Mount Molloy, Chillagoe
24-08-00	Conondale, Witta, Maleny, Beerburum, Glass House Mountains, Beerwah, Landsborough, Mooloolah
5-10-00	Towns of the Southern Moreton Bay Islands (inclusive Macleay Island, Perupla Island, Russell Island, Lamb Island, Karragarra Island), Coochiemudlo Island, North Stradbroke Island
9-10-00	Inglewood, Texas
24-10-00	Capella, Tieri
9-11-00	Tara, Meandarra, Moonie, Glenmorgan, Westmar, Flinton

Projected activities for 2001–2002

- Negotiate the terms of a memorandum of understanding with the QPS for probity checking procedures.
- Negotiate the terms of a memorandum of understanding with the Liquor Licensing Division for access to information.
- Implement the recommendations of the licensing database review.
- Provide support to local government on the implementation of the Prostitution Act.
- Consider the development of an inspectorate to audit licensed brothels.
- Establish a monitoring strategy for the regulation of licensed brothels.
- Develop a formal disciplinary process for licensees and approved managers.
- Develop an efficient approval system for police entry to licensed brothels (refer to section 60 of the Prostitution Act).

2. Advertising prostitution

The PLA is responsible for approving advertising for prostitution.

Key achievements

- > Advertising guidelines for sole operators have been established.
- > Liaison has occurred with media in relation to appropriate advertising for newspapers.

Performance indicator

- > Number of advertising requests processed within 30 days.

The Prostitution Act establishes several offences relating to advertising. An offence is committed when a published advertisement for prostitution:

- describes the services offered
- is not in a form approved by the PLA
- is published through radio, television, film or video recording.

The PLA has established a broad policy for advertising for sole operators, and has approved a list of words that may be used by sole operators in their advertisements (the list of words is provided on the following page). Any advertisement that falls outside this broad policy, or uses words that are not on the approved word list, must be separately considered by the PLA for approval. All advertisements for licensed brothels must be individually submitted to the PLA for authorisation before they can be published.

The advertising policy has been distributed to all major newspapers in Queensland, to the Publication Bureau and to sex workers through the peak sex worker agency SQWISI. Since the establishment of the advertising policy, 100 advertisements for sole operators have been approved by the PLA.

All requests for advertising approval were considered well within 30 days of receiving the request.

Advertising policy for sole operators

An advertisement advertising the services of a sole operator for publication in print media, for example a newspaper or magazine, may include the following information only:

- the name of the person or business – provided that the name does not describe the services offered; and
- the address from which the business operates; and
- the telephone or contact details of the business.

An advertisement may also include approved line drawings or pencil renderings as well as a photograph of only the head and shoulders of the person offering the prostitution service.

Any other information intended to be included in the advertisement must have the prior approval of the PLA.

The advertisement must not be of a size greater than 5 cm in height and 7.2 cm in width or greater in area than the equivalent area constituted by those dimensions.

The advertisement may be in colour or black and white.

Approved words for sole operator advertising

100%	Exotic	Sensitive
passionate	Feminine	Sensual
Your bust size	Firm	Sexy
Adorable	Flexible	She-male
Adventurous	Foxy	Shy
Age	Fun	Silky
All class	Gay	Size – 8, 10 etc
All natural	Goddess	Slender
Alluring	Good looking	Slim
Athletic	Gorgeous	Sophisticated
Attentive	Gymnast	Spicy
Attractive	Heterosexual	Straight-acting
Baby-faced	Hot	Straight
Bisexual	Hot Blooded	Stunner
Blonde	Intelligent	Stunning
Bombshell	Kinky	Submissive
Bored	Kissable	Sultry
Breathhtaking	Knockout	Sweet
Brunette	Long hair	Tall
Bubbly	Long legs	Tantalising
Busty	Love goddess	Temptress
Calendar Model	Luscious	The real
Centrefold	Lusty	Toned
Caring	Mature	Transgender
Cheeky	Mind blowing	Transsexual
Clean	Model	Ultimate
Coloured	Muscular	(as description of self)
Cross-dresser	Mysterious	Understanding
Cuddly	Naughty	Uninhibited
Cute	Obliging	Unique
Delectable	Open-minded	Up-market
Discreet	Original	(as description of self)
Down to earth	Passionate	Vivacious
Drug free	Penthouse Pet	Voluptuous
Early bird	Perfect	Wicked
Educated	Petite	Wild
Elegant	Pin-up	Young
Exceptional	Role Player	
Exciting	Seductive	

Projected activities for 2001–2002

- In conjunction with sole operators, review the advertising policy to assess its effectiveness.
- Liaise with the Prostitution Enforcement Taskforce, QPS, to establish an audit of advertising for prostitution to assess compliance with the advertising policy.

3. Liaison and assistance

The PLA has worked hard to liaise with and assist the Government and the community to implement the new framework for prostitution in Queensland. Some of the liaison functions of the PLA are required by the Prostitution Act. For example, the Act requires that the PLA:

1. liaise with the QPS with a view to assisting the service in carrying out its functions in relation to prostitution
2. receive complaints about prostitution
3. inform relevant government departments and agencies about possible offences that are detected while carrying out its functions
4. inform the PAC about issues and trends relevant to its functions.

Other mechanisms have been established by the PLA to ensure that the community is fully informed:

- The PLA liaises with the Liquor Licensing Division and with relevant government agencies interstate as part of the probity process.
- The PLA responds to inquiries from local authorities, members of the community and representatives of government agencies
- Meetings have been initiated with key stakeholders to communicate the role of the PLA and the intention of the legislation.

Key achievements

- > An education strategy on the role and function of the PLA and the PAC for key stakeholder groups has been implemented.
- > Negotiation has commenced with the CJC about its review of the Prostitution Act.
- > Monthly information updates provided to the PAC and CJC about key aspects of the Prostitution Act.
- > A complaint handling policy has been developed and implemented.
- > Systems have been established for recording complaints and inquiries to the PLA.

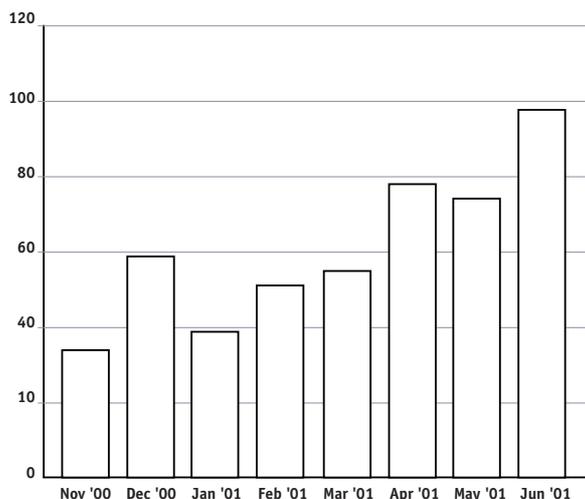
Performance indicators

- > Number of complaints received and resolved.
- > Percentage of complaints to the PLA about prostitution resolved within 30 days.
- > Number of meetings held with key stakeholders.
- > Satisfaction of LGAQ with liaison between the PLA and LGAQ/local authorities.
- > Satisfaction of the PAC with information and support provided by the PLA.
- > Satisfaction of SQWISI with liaison between the PLA and the sex industry.

Inquiries

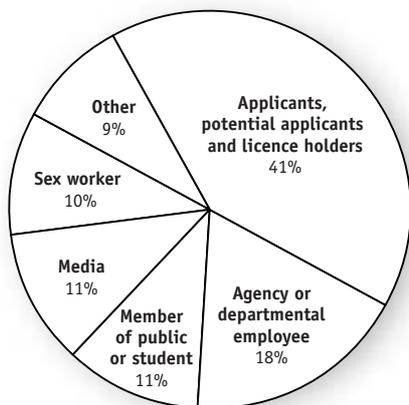
The office of the PLA responds to numerous inquiries, largely about the legal framework for prostitution in Queensland, and largely from licence and certificate applicants (see figures 3 to 5). A system for recording information about inquiries was established by the PLA in November 2000 and since then the PLA has responded to 487 inquiries.

Figure 3: Number of inquiries received by the PLA, November 2000 – June 2001



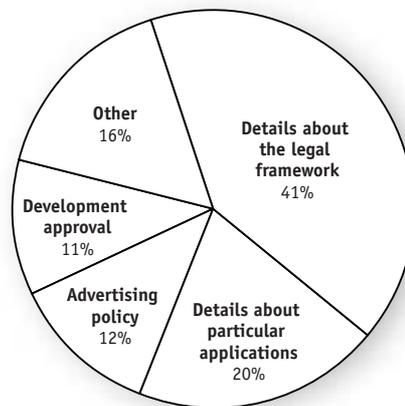
Note: Information was not collected between July and November 2000.

Figure 4: Source of inquiries to the PLA, November 2000 – June 2001



Note: Information was not collected between July and November 2000.

Figure 5: Nature of inquiries to the PLA, November 2000 – June 2001



Note: Information was not collected between July and November 2000.

Complaints

The PLA is required by legislation to receive complaints about prostitution. Over the financial year 2000–2001 the PLA received 37 complaints. The PLA complaint handling policy outlines several options for resolving complaints. Most of the 37 complaints made to the PLA were resolved by referring them to the QPS (see figure 9).

Extract from the PLA complaint handling policy

There are several options for taking action in response to a complaint and these are outlined below.

Referral to the PLA for investigation and consideration of disciplinary procedure

All complaints that involve a licensed brothel must be referred to the PLA for its consideration. After investigating complaints involving licensed brothels, the PLA may consider disciplinary action against a licence holder or some other appropriate action.

Referral to the QPS

The PLA does not have any capacity to investigate complaints about illegal prostitution or illegal advertising. The only option for complaints about illegal prostitution or illegal advertising for prostitution services is to refer the complaint to the QPS. Complaints can be referred to the QPS in their entirety, or without information identifying the complainant. The referral of identifying information about the complainant is a decision for the complainant to make.

Referral to another appropriate agency

Complainants can be referred to another agency. For example:

- Complaints about a sole operator may be referred to the local authority to check if the premises are registered as a small business
- Complaints about health issues relating to prostitution may be referred to Queensland Health
- Complaints about noise may be referred to the Environment Protection Authority
- Complaints about adult entertainment permits may be referred to the Liquor Licensing Division
- Complaints about development approval may be referred to the local authority.

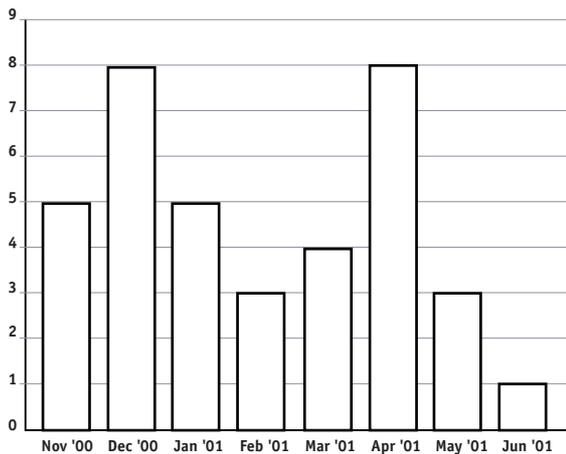
Advice provided to complainant

Sometimes a complaint about prostitution involves behaviour that is legitimate, or can be resolved by providing information about the prostitution laws in Queensland. In these cases, simple advice is provided to the complainant, and more detailed written material may be sent in the post.

No action

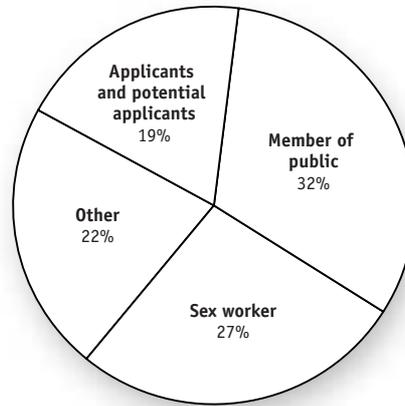
If none of these options are appropriate, no further action is possible.

Figure 6: Number of complaints received by the PLA, November 2000 – June 2001



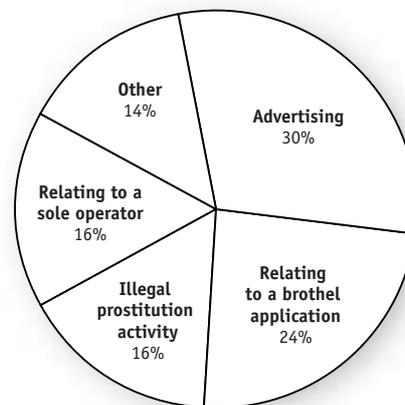
Note: Information was not collected between July and November 2000.

Figure 7: Source of complaints received by the PLA, November 2000 – June 2001



Note: Information was not collected between July and November 2000.

Figure 8: Nature of complaints received by the PLA, November 2000 – June 2001



Note: Information was not collected between July and November 2000.

Figure 9: Resolution of complaints by the PLA, November 2000 – June 2001



Note: Information was not collected between July and November 2000.

Meetings held

The PLA held meetings with a range of individuals and agencies, throughout Queensland, about the legal framework for prostitution (refer to Table 5). Some of these meetings involved brothel licence applicants or potential applicants, but the majority were meetings with the QPS, SQWISI, or local authorities.

Table 5: Meetings held by the PLA with external agencies, July 2000 to 4 April 2001

Agency	Number
QPS	27
Interstate and international agencies	14
SQWISI	12
Applicants and potential applicants	11
LGAQ and local authorities	10
CJC	8
Ministerial	7
Community groups	5
Media	3
Queensland Office of Gaming Regulation	3
Other agencies*	4
TOTAL	104

* Department of Industrial Relations, Australian Taxation Office, Liquor Licensing Division, Inter-agency Working Committee on Prostitution.

Projected activities for 2001–2002

- Develop a formal communication strategy for key stakeholders.

4. Corporate support

Due to its small size, the PLA outsources a range of corporate support services. The PLA has contracted the QPS to provide:

- Media liaison
- Assistance with recruitment and selection
- Payroll services
- Information technology support
- Workplace health and safety support
- Human resource management policies, including workplace health and safety and equal employment opportunity
- Library services
- Vehicle maintenance and repairs
- Purchasing of assets.

Key achievements

- > Administrative systems were established.
- > Security at the PLA office was upgraded.
- > A Service Level Agreement was established with the QPS to provide Information Technology support.

Performance indicators

- > Number of staff attending training programs.
- > Number of training programs attended by staff.
- > Satisfaction of staff with security arrangements.
- > Satisfaction of staff with support arrangements.

Administration

Establishment of office systems

The PLA has established all requisite office systems for the smooth operation of business. For example:

- A manual filing system has been established for brothel licence applications and administration.
- A mail register has been established and an incoming correspondence process has been implemented.
- Fortnightly staff meetings have been convened and are documented.
- Systems have been developed for recording all inquiries and complaints to the PLA and all meetings attended by PLA staff.
- A money handling process has been established.

Security

A number of critical security and safety concerns, identified early in the life of the PLA, required urgent attention. The predominant issues were associated with the protection of staff. State Government Security was engaged by the PLA to design, document, tender, supervise and commission a project to improve the protection of staff in the office. It is anticipated that the project will be completed in July 2001.

A number of other issues were identified in an audit conducted by the QPS. While these issues are not associated with security directly, they have very important implications for safety generally and will be pursued by the PLA when funding is secured.

Consultancies

The total expenditure on consultancies for the financial year totalled \$26,463 (see below).

Table 6: Consultants engaged by the PLA

Name of consultant	Description	Cost
Bowden Computer Placements	Information technology consultancy to review the communication business requirements of the PLA, the immediate business requirements of the database system and the future business requirements	\$22,013
Siggins Miller Consultants	Business planning for the PAC	\$4,200
Shine Company	Compile a brief for the design of a web site for the PLA	\$250

Finance

During the PLA's initial year of operation, the required financial policies and procedures were established to ensure the effective and efficient utilisation of the PLA's resources.

As the PLA did not have access to the SAP financial accounting system, the processing and payment of accounts was outsourced to the QPS under a corporate services agreement.

The Queensland Audit Office certified that the PLA's financial statements presented a true and fair view of its financial position, in accordance with prescribed accounting standards and other mandatory professional reporting requirements.

The PLA's audited Annual Financial Statements are included in this Annual Report and describe the financial position of the PLA as at 30 June 2001.

Information technology

Business requirements

The primary purpose of the PLA Licensing System is to provide a business-oriented solution that fully addresses the current and future needs of the PLA business unit. The existing system does not fully cater for these needs and a business analyst was contracted to identify a complete business solution.³

The current PLA Licensing Database was developed by the Information Systems Branch, QPS, to provide a system which would support application processing as prescribed in the Prostitution Act. The system was developed prior to staffing the office of the PLA, which meant that PLA staff were not able to provide input into the development of business requirements or rules for the system. The system was designed to capture data from the proposed application forms so the data could be utilised in the later production of documentation (for example, the brothel licence).

The current system provides for only some of the basic requirements as defined by the legislation, but does not cater for the current business needs of the PLA with respect to application processing (managing the probity task) and licence/certificate management. These deficiencies were the result of budget and time restrictions (the system was delivered for the commencement of PLA operations on 3 July 2000) and the original scope not including all business requirements.

A Gap Analysis was conducted to determine the critical business requirements not satisfied within the current system and to identify any future enhancements. The analysis identified two timeframes:

- critical – required within the next 6 months
- future – to be available in 12 months.

Commencement of these developments now depends on the provision of funding for the Standard Operating Environment (SOE)⁴, which will define the software products suitable for development. In the meantime, parallel and additional data are maintained in separate spreadsheets for more intelligent searching capabilities.

Communication requirements

The PLA's computing facilities were established with an SOE in line with the QPS standard desktop operating environment to enable QPS to provide computing support to the PLA. The Local Area Network is independent of any Wide Area Networks including CITEC, QPS networks and GovNet.

Currently there is a single computer that provides access to the Internet at the PLA office. This is a stand-alone PC that provides limited e-mail services and utilises an external Internet Service Provider. There is a continually increasing need for greater access to the Internet, particularly for probity and research capabilities. Network access to the Internet is critical.

The lack of a secure e-mail facility between the PLA, other government departments³ and members of the PLA and PAC restricts the type of information that can be transmitted electronically. This means that sensitive information and documentation has to be either hand-delivered or posted, resulting in time inefficiencies. Secure e-mail transmissions utilising encryption methods between identified accounts is required. Again, network access to the Internet is critical.

³ Report finalised November 2000

⁴ While the PLA currently has Apple Macintosh machines, the QPS has commenced roll-out to PCs. The QPS has advised that the PLA is not scheduled for roll-out to PCs until 2003.

⁵ Excluding QPS

Staffing overview

All six members of the PLA staff are located at the PLA office in Milton and are employed under the *Public Service Act 1996*.

Table 7: PLA staff establishment

Staff category	Number (F-T)	
	Female	Male
A07-S0	2	1
A04-6	2	0
A01-3	1	0
TOTAL	5	1

All but one of the PLA staff are female. Table 8 shows staff membership of the four equal employment opportunity (EEO) target groups.

Table 8: PLA staff membership of EEO target groups

EEO target group	Number of staff (N=6)
Women	5
Non-English-speaking background	1
Aboriginal or Torres Strait Islanders	0
People with a disability	0

Staff training and development

A number of training courses were attended by staff during the year, including training on Managing for Outcomes, the State purchasing policy, managing the front desk, and workshops on financial and annual reporting. All PLA staff attended a presentation about ethical conduct at the PLA, which outlined staff obligations under the PLA Code of Conduct. Altogether, 49 hours of training were undertaken by PLA staff.

Public interest disclosures

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

- someone else's conduct
- maladministration
- negligent or improper management affecting public funds
- danger to public health or safety, or danger to the environment
- danger to a person with a disability.

There were no public interest disclosures made to the PLA during the financial year 2000–2001.

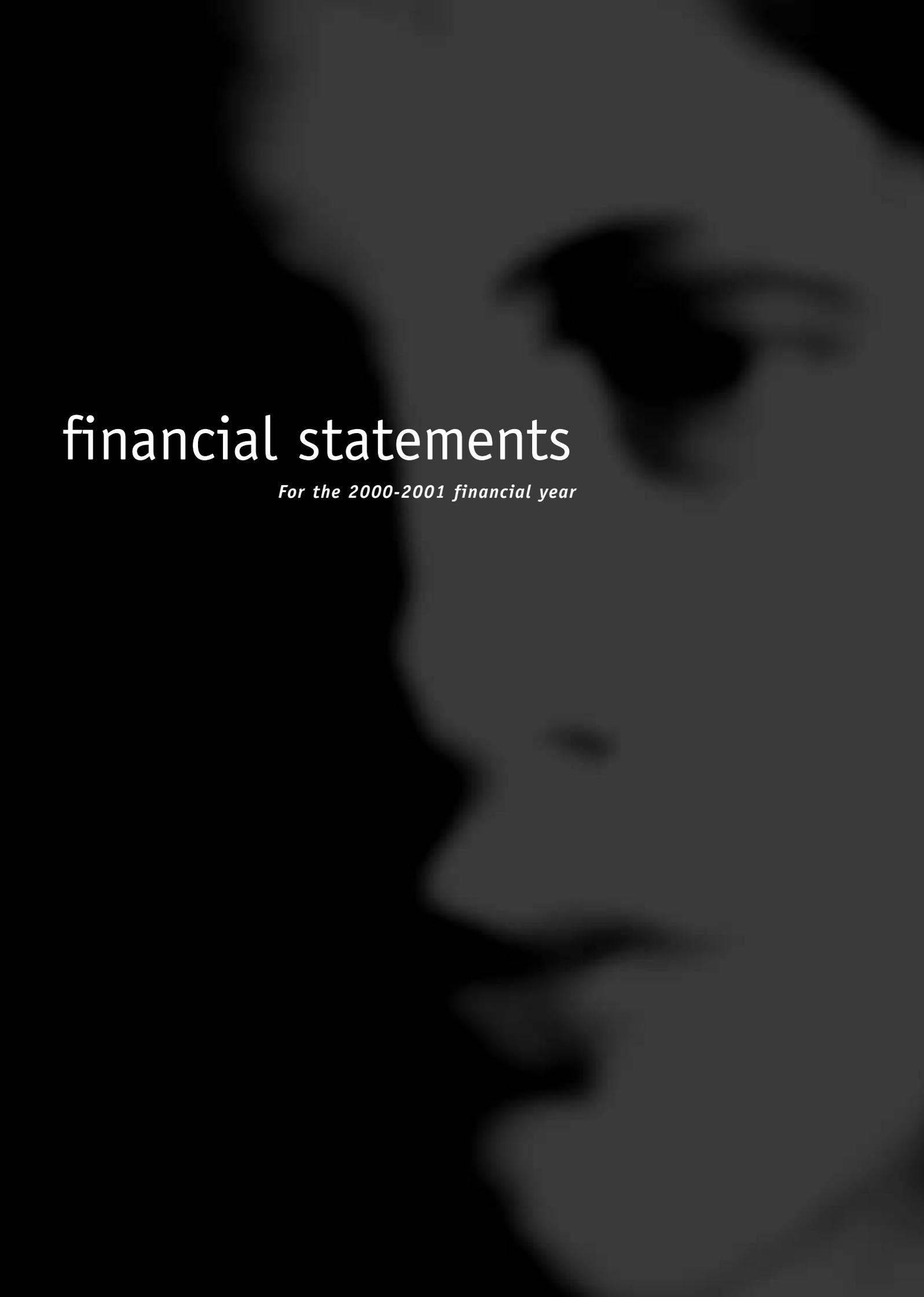
Freedom of information

Section 137 of the Prostitution Act states that the *Freedom of Information Act 1992* does not apply to any document given to or produced by the PLA under the Prostitution Act. This means that members of the public are not permitted access to any documents given to or produced by the PLA.

There were no applications made to the PLA under the Freedom of Information Act during the financial year 2000–2001.

Projected activities for 2001–2002

- Establish a staff induction program.
- Establish a risk management strategy.
- Develop a fraud control policy and an anti-corruption strategy for the PLA and PAC.
- Develop an information security management policy.
- Establish an electronic records management system.
- Review and update the PLA website.



financial statements

For the 2000-2001 financial year

statement of financial position

for the year ended 30 June 2001

	Note	2001 \$
Current Assets		
Cash	9	406,971
Receivables	10	28,027
Total Current Assets		434,998
Non-Current assets		
Property, plant and equipment	11	112,655
Intangibles	12	9,376
Total Non-Current Assets		122,031
Total Assets		557,029
Current Liabilities		
Payables	13	63,836
Provisions	14	23,030
Total Current Liabilities		86,866
Total Liabilities		86,866
Net Assets		470,163
Equity		
Retained Surpluses	15	470,163
Total Equity		470,163

The above statement should be read in conjunction with the accompanying notes.

statement of financial performance

for the year ended 30 June 2001

	Note	2001 \$
Revenue from ordinary activities		
User charges and fees	3	34,500
Government contributions		1,059,000
Other	4	24,551
Total revenue from ordinary activities		1,118,051
Expenses from ordinary activities		
Employee expenses	5	332,713
Supplies and services	6	175,024
Depreciation expenses	7	28,383
Other expenses	8	111,768
Total expenses from ordinary activities		647,888
Net surplus/Total change in equity		470,163

The above statement should be read in conjunction with the accompanying notes.

statement of cash flows

for the year ended 30 June 2001

	Note	2001 \$
Cash flows from operating activities		
<i>Inflows:</i>		
User charges and fees		34,500
Interest received		-
GST collected on sales		-
GST input tax credits received		36,849
<i>Cashflows from government:</i>		
Government contributions		1,059,000
<i>Outflows:</i>		
Employee costs		263,697
Supplies and services		160,515
GST paid on purchases		39,802
GST remitted to ATO		-
Other		108,950
Net cash provided by operating activities	16	557,385
Cash flows from investing activities		
<i>Outflows:</i>		
Payments for property, plant and equipment		150,414
Net cash (used in) investing activities		(150,414)
Net increase/(decrease) in cash held		406,971
Cash at beginning of financial year		-
Cash at end of financial year	9	406,971

The above statement should be read in conjunction with the accompanying notes.

notes to and forming part of the financial statements

for the year ended 30 June 2001

1. Funding of the Authority

The Prostitution Licensing Authority was established as a statutory body from 1 July 2000 under the *Prostitution Act 1999*. Under the Act, the objectives of the Authority are to establish an efficient and effective brothel licensing regime, to ensure that licenced brothels operate in accordance with the legislation and that the objectives of the legislation are achieved.

During 2000-01, the Authority was substantially funded through non-reciprocal government contributions. In future years, it is expected that the Authority will become substantially self funding from revenues generated from licence fees and certificate fees.

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements are general purpose financial statements and have been prepared in accordance with the Financial Administration and Audit Act 1977, the Financial Management Standard 1997, Statements of Accounting Concepts, Australian Accounting Standards and Urgent Issues Group Abstracts and other prescribed requirements.

Except where stated, the financial statements have been prepared in accordance with the historical cost convention.

The accrual basis of accounting has been adopted.

The following new or revised Australian Accounting Standards have been applied during the 2000-01 year and have been adopted where relevant:

- AAS 1 Statement of Financial Performance;
- AAS 36 Statement of Financial Position; and
- AAS 37 Financial Report Presentation and Disclosures.

(b) The Reporting Entity

The financial statements include all assets, liabilities, revenues, expenses and equities of the Prostitution Licensing Authority. The Authority controls no other entities.

Trust Transactions and Balances

The Authority administers transactions and balances in a trust or fiduciary capacity on behalf of applicants for licences and certificates. As the Authority performs only a custodial role in respect of these balances until, and unless, licences or certificates are granted, they are not recognised as revenues, expenses, assets or liabilities, but are identified separately in Note 20.

(c) User Charges and Fees

Application fees for licences and certificates and fees for licences and certificates granted are recognised as revenues of the Authority.

(d) Cash

For financial reporting purposes, cash includes cash on hand and at bank that is used in the day-to-day cash management function of the Authority.

(e) Receivables

Receivables are recognised at the amount due at the time of sale or service delivery. The collectability of receivables is assessed periodically with provision being made for doubtful debts. All known bad debts have been written off. Settlement on trade debtors is generally required within 30 days.

notes to and forming part of the financial statements

for the year ended 30 June 2001

(f) Acquisition of Assets

Cost is used for the initial recording of all acquisitions of assets owned by the Authority. Assets acquired at no cost, or for nominal consideration, are recognised at their fair value at the date of acquisition. Cost is determined as the value given as consideration plus costs incidental to the acquisition and all other costs incurred in preparing the assets ready for use.

(g) Property, Plant and Equipment

All items of property, plant and equipment with a cost or other value greater than \$1,000, are recognised in the year of acquisition. All items with a lesser value are expensed.

(h) Depreciation and Amortisation of Property, Plant and Equipment

Depreciation and amortisation of property, plant and equipment is calculated on a straight line basis so as to write off the value of each depreciable asset, less its estimated residual value, progressively over its estimated useful life.

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

Class	Depreciation/Amortisation Rate
	%
Computer Equipment (Hardware)	33.3
Network Computer Equipment (Hardware)	20.0
Office Equipment - Photocopier	20.0
Office Equipment (Facsimile, Shredders, E/Whiteboards)	10.0
Plant and Equipment	14.3
Leasehold Improvements	20.0
Motor Vehicles	16.7
Intangibles - Internal use software	20.0

(i) Revaluations of Non-Current Physical Assets

In December 1999, the Australian Accounting Standards Board issued two new accounting standards, AAS 38 – Revaluation of Non-Current Assets and AAS 10 – Recoverable Amount of Non-Current Assets. These standards introduce the concept of valuing non-current assets at “fair value”. All non-current physical assets are valued at cost or fair value in accordance with these standards and with the Financial Management Standard and Queensland Treasury's guidelines "Non-Current Asset Accounting Guidelines".

(j) Leases

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

When a non-current physical asset is acquired by means of a finance lease, the asset is recognised at an amount equal to the present value of the minimum lease payments. The liability is recognised at the same amount. Lease payments are allocated between the principal component and the interest expense.

The Authority held no finance leases at 30 June.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly, are charged to the Statement of Financial Performance in the periods in which they are incurred.

(k) Intangibles

All intangible assets with a cost or other value greater than \$1,000 are recognised in the year of acquisition. All items with a lesser value are expensed.

notes to and forming part of the financial statements

for the year ended 30 June 2001

(l) Payables

Creditors are recognised at the amount expected to be paid for the goods and services received.

(m) Employee Entitlements

Wages, Salaries and Annual Leave

Liabilities for wages, salaries and annual leave are recognised as the amount unpaid at reporting date in respect of employees' services and related on-costs.

Long Service Leave

The Authority participates in the public sector long service leave scheme whereby a levy is made on the agency to cover this expense and amounts paid to employees for long service leave are claimed from the scheme as a reimbursement. Accordingly, a provision for long service leave is not recognised.

Superannuation

Employer contributions for superannuation expense are determined by the State Actuary. No liability is recognised for accruing superannuation benefits as the liability is held by the Queensland Government.

(n) Taxation

The Authority's activities are exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax (GST). As such, input tax credits receivable and GST payable from/to the Australian Tax Office are recognised and accrued.

(o) Insurance

In accordance with Government policy, assets are not insured.

(p) Rounding

Amounts included in the financial statements have been rounded to the nearest whole dollar, or where that amount is less than 50 cents, to zero.

(q) Resources Received Free of Charge or for Nominal Value

Resources received free of charge or for nominal value that can be reliably measured are recognised as revenues and assets as appropriate.

2001

\$

3. User Charges and Fees

Fee for licence granted	15,000
Fees for licence and certificate applications	19,500
	34,500

4. Other Revenue

Interest income	24,551
	24,551

notes to and forming part of the financial statements

for the year ended 30 June 2001

2001

\$

5. Employee Expenses

Wages and salaries	269,030
Employer superannuation contributions	32,686
Long service leave levy	3,970
Other related expenses	27,027
	332,713

6. Supplies and Services

Consultants and contractors	50,121
Travel	20,921
Materials	34,568
Repairs and Maintenance	21,056
Communications	14,577
Queensland Police Service corporate service charges	20,000
Other	13,781
	175,024

7. Depreciation and Amortisation Expense

Depreciation and amortisation incurred in respect of:	
Leasehold improvements	7,779
Office equipment	2,544
Plant and equipment	75
Motor vehicles	3,273
Computer equipment	13,937
Furniture and fittings	616
Intangibles - own use software	159
	28,383

notes to and forming part of the financial statements

for the year ended 30 June 2001

2001

\$

8. Other Expenses

External audit fees	1,200
Rental of premises	33,305
Prostitution Licensing Authority - chair and members' fees	50,653
Prostitution Advisory Council - chair and members' fees	26,534
Other	76
	111,768

9. Cash

Imprest account	1,000
Cash at bank	405,971
	406,971

10. Receivables

<i>Current</i>	
GST input tax credits receivable	3,476
Interest receivable	24,551
	28,027

11. Property, Plant and Equipment

<i>Non-Current</i>	
Leasehold improvements at cost	
Additions	38,893
Amortisation expense	7,779
Carrying amount at 30 June 2001	31,114
Office equipment	
Additions	17,308
Depreciation expense	2,544
Carrying amount at 30 June 2001	14,764

notes to and forming part of the financial statements

for the year ended 30 June 2001

	2001 \$
Plant and equipment	
Additions	9,000
Depreciation expense	75
Carrying amount at 30 June 2001	8,925
Motor vehicles	
Additions	19,639
Depreciation expense	3,273
Carrying amount at 30 June 2001	16,366
Computer equipment	
Additions	49,879
Depreciation expense	13,937
Carrying amount at 30 June 2001	35,942
Furniture and fittings	
Additions	6,160
Depreciation expense	616
Carrying amount at 30 June 2001	5,544
Total property, plant and equipment	
Additions	140,879
Depreciation and amortisation expense	28,224
Total property, plant and equipment - carrying amount at 30 June 2001	112,655

12. Intangibles

<i>Non-Current</i>	
Internal use software	
Additions	9,535
Amortisation expense	159
Total - carrying amount at 30 June 2001	9,376

13. Payables

<i>Current</i>	
Trade Creditors	63,836
	63,836

notes to and forming part of the financial statements

for the year ended 30 June 2001

2001

\$

14. Provisions

Current

Annual leave	23,030
	23,030

15. Changes in Equity

Retained Surpluses	
Opening balance	-
Net surplus	470,163
Closing balance	470,163

16. Reconciliation of Net Surplus to Net Cash provided by Operating Activities

Net surplus	470,163
Non-cash items:	
Depreciation and amortisation expense	28,383
Change in assets and liabilities	
(Increase)/decrease in GST receivable	(2,951)
(Increase)/decrease in other receivables	(24,551)
Increase/(decrease) in other payables	51,191
Increase (decrease) in accruals	12,120
Increase (decrease) in employee provisions	23,030
Net cash provided by operating activities	557,385

17. Non-Cancellable Operating Lease Commitments

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

Not later than one year	80,368
Later than one year and not later than five years	236,481
Total commitments	316,849
Input tax credits anticipated	28,804

Operating leases are entered into as a means of acquiring access to office accommodation. Rental payments are generally fixed, but with escalation clauses on which contingent rentals are determined. No renewal or purchase options exist in relation to operating leases and no operating lease contains any restrictions on financing or other leasing activities.

notes to and forming part of the financial statements for the year ended 30 June 2001

18. Capital expenditure Commitments

The Authority had no capital expenditure commitments at 30 June.

19. Contingency

(a) Guarantees and Undertakings

The Prostitution Licensing Authority had provided no guarantees or undertakings at 30 June 2001.

(b) Litigation in Progress

Legal advice has been sought regarding possible litigation in regard to the refusal of a brothel licence application. An estimate of costs is not yet available. The risk of possible liability for the Authority in this matter cannot be determined at this time.

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

20. Trust Transactions and Balances

The amount represents fees for applications awaiting Authority approval. As the Authority performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements, but are disclosed here for information purposes.

	2001
	\$
Trust Assets and Liabilities	
<i>Current assets</i>	
Cash	86,105
Total current assets	86,105

notes to and forming part of the financial statements

for the year ended 30 June 2001

21. Financial Instruments

(a) Terms, Conditions and Accounting Policies

The Authority's accounting policies, including the terms and conditions of each class of financial asset and financial liability at balance date are as follows:

Financial assets

Financial Instrument	Accounting Policy	Terms and Conditions
Cash	Cash includes cash on hand, cash at bank and imprest account totals.	Cash deposited with the bank earns interest calculated on daily balances (currently 5%). Overdraft balances attract interest charge (currently 9%).
Receivables	All receivables are carried at nominal amounts, refer Note 2(e)	Terms are 30 days net.

Financial Liabilities

Financial Instrument	Accounting Policy	Terms and Conditions
Payables	Recognition - upon receipt of goods or services irrespective of whether the invoice has been received. Measurement - based on agreed purchase/contract price.	Other than payables to Government, amounts are unsecured and are usually settled on 30-day terms.

(b) Interest Rate Risk Exposure

The Authority is exposed to interest rate risk and the effective interest rates of financial assets and financial liabilities are shown in the following table. All assets and liabilities are shown by maturity and at nominal amounts.

	Maturity Date			Weighted Average Rate
	1 year or Less	Non-Interest Bearing	Total	
	\$	\$	\$	%
Financial Assets				
Cash	405,971	1,000	406,971	4.97
Receivables	-	28,027	28,027	
Total	405,971	29,027	434,998	
Financial Liabilities				
Payables	-	63,836	63,836	
Total	-	63,836	63,836	

(c) Credit Risk Exposures

Credit risk exposure represents the extent of credit related losses that the Authority may be subject to on amounts to be exchanged under accounts receivable from financial assets.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets net of any provisions for doubtful debts as indicated in the Statement of Financial Position.

(d) Net Fair Values

The net fair value of cash, receivables and payables approximates their carrying value.

Certificate of the Prostitution Licensing Authority

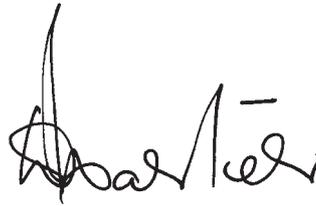
The foregoing Financial Statements have been prepared pursuant to the provisions of the *Financial Administration and Audit Act 1977* and other prescribed requirements.

We certify that the foregoing financial statements and notes to and forming part thereof are in agreement with the accounts and records of the Prostitution Licensing Authority; and in our opinion

- (a) the prescribed requirements for the establishment and keeping of the accounts have been complied with in all material respects; and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Prostitution Licensing Authority for the financial year ended 30 June 2001 and of the financial position as at the end of that year.



Margaret W Isaac
REGISTRAR
14 AUGUST 2001



William J Carter
CHAIRPERSON
14 AUGUST 2001

Independent Audit Report

To the Prostitution Licensing Authority

Scope

I have audited the general purpose financial statements of the Prostitution Licensing Authority prepared by the Authority for the year ended 30 June 2001 in terms of section 46F of the *Financial Administration and Audit Act 1977*. The financial statements comprise the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Notes to and forming part of the financial statements and certificates given by the Chairperson and Registrar.

The Authority is responsible for the preparation and the form of presentation of the financial statements and the information they contain. I have audited the financial statements in order to express an opinion on them.

The audit has been conducted in accordance with *QAO Auditing Standards*, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included the examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with prescribed requirements which include Australian Accounting Standards so as to present a view which is consistent with my understanding of the entity's financial position and the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In accordance with section 46G of the Financial Administration and Audit Act, I certify that I have received all the information and explanations I have required and, in my opinion -

- the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
- the statements have been drawn up so as to present a true and fair view in accordance with prescribed accounting standards and other prescribed requirements of the transactions of the Prostitution Licensing Authority for the financial year 1 July 2000 to 30 June 2001 and of the financial position as at the end of that year.



O C Clare
ACTING DIRECTOR OF AUDIT
(DELEGATE OF THE AUDITOR-GENERAL OF QUEENSLAND)

QUEENSLAND AUDIT OFFICE
BRISBANE

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Contact information

Prostitution Licensing Authority

Chair Mr Bill Carter QC
Registrar Ms Margaret Isaac

Prostitution Advisory Council

Chair Ms Judith Robson

Address Level 3, 5 Gardner Close
Milton Queensland 4064

Postal address GPO Box 3196
Brisbane QLD 4001

Telephone (07) 3109 4900
Fax (07) 3876 3641

E-mail plaadmin@iprimus.com.au
Web page www.pla.qld.gov.au



Prostitution Licensing Authority
Queensland Government