

2011–12

Annual Report

Prostitution Licensing Authority

Communication Objectives of this Report

The Prostitution Licensing Authority's (PLA) Annual Report has been prepared to provide readers with a concise summary of the Authority's activities and performance during the 2011-12 year. Our Annual Report serves as the primary mechanism through which we meet our accountability and statutory reporting obligations.

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

The communication objectives of this report are to:

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

Public availability and further information

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

Interpreter service

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



Have your say

We hope you find our Annual Report 2011-12 useful and informative. This report is part of our commitment to keeping people informed about prostitution and the implementation of the Prostitution Act 1999. The PLA welcomes your comments or suggestions about the report design and content. Please send your feedback to the Executive Director, Office of the Prostitution Licensing Authority, GPO Box 3196, Brisbane, Qld, 4001 or by emailing plaadmin@iprimus.com.au.

Table of Contents

Highlights of the Year	3
Glossary	3
Message from the Chair	4
Executive Directors' Report	5
Welcome to the Prostitution Licensing Authority	6
Our Purpose	7
Contribution to whole of Government objectives for the community	7
Reporting Structure and organisation	7
The Prostitution Licensing Authority	8
Role of the Prostitution Licensing Authority	8
Current Membership	8
Meetings	11
Remuneration	11
Our Performance	12
Financial performance summary	12
Statistical highlights in 2011 - 12	15
The Environment in which we operate	16
Our Corporate Governance framework	17
Appointment of PLA members	17
The strategic planning cycle	17
Our objectives and strategies	17
Ethical and professional conduct	18
Public interest disclosures	18
Risk management	19
External audit	19
Internal audit	19
Records management	20
Our Business	21
Brothel licensing	21
Development approval	23
Monitoring and Compliance	25
The compliance program	25
Disciplinary action	27
Complaints	28
Police entries to licensed brothels	29
Advertising of prostitution	30
Social escort services advertising	30
Liaison and Assistance	31
Communicating with members of the public	31
The PLA website	31
Communicating with the sex industry	31
Communicating with other key stakeholders	32
Feedback	33
Inquiries	33
Supporting our business	34
Our people	34
Finance and administration	35
Information management	35
Priorities for 2012 - 13	36
Financial Statements	37

Letter of compliance



3 September 2012

The Honourable Jack Dempsey MP
Minister for Police and Community Safety
Level 24, State Law Building
50 Ann Street
Brisbane Qld 4000

Dear Minister

I am pleased to present the Annual Report 2011-2012 and financial statements for the Prostitution Licensing Authority.

I certify that this Annual Report complies with:

- the prescribed requirements of the Financial Accountability Act 2009 and the Financial and Performance Management Standard 2009, and
- the detailed requirements set out in the Annual report requirements for Queensland Government agencies.

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

Yours sincerely

A handwritten signature in black ink, appearing to be "M. Boyce".

Manus Boyce
Chair
Prostitution Licensing Authority

Highlights of the year

2011		
<p>July</p> <p>New licensed brothel, Sensations on Spine, established at Sumner Park. The brothel is on the same site as a brothel that had closed in December 2010.</p>	<p>August</p> <p>Licensed brothel, Bluebirds on Carmel, reopens at Townsville after a period of closure of more than 12 months.</p>	<p>November</p> <p>Ms Cathryn McKenzie appointed to the PLA as local government representative.</p>

2012	
<p>January</p> <p>Revamped PLA fact sheets distributed.</p>	<p>February</p> <p>Ms Kathleen Florian, Assistant Commissioner, Crime, Crime and Misconduct Commission (CMC) appointed to the PLA.</p>

Glossary

Authority	Prostitution Licensing Authority	PSC	Public Service Commission
CALD	Culturally and linguistically diverse	QCAT	Queensland Civil and Administrative Tribunal
CMC	Crime and Misconduct Commission	QPS	Queensland Police Service
FAM	Finance and Administration Manual	QSA	Queensland State Archives
IT	Information technology	SLA	Service Level Agreement
MAC	Ministerial Advisory Committee	STI	Sexually transmissible infection
PETF	Prostitution Enforcement Task Force (Queensland Police Service)	the Act	Prostitution Act 1999 (unless otherwise indicated)
PIM	Probity Investigation Manual	the Minister	Minister for Police and Community Safety (unless otherwise indicated)
PLA	Prostitution Licensing Authority		

Message from the Chair

On 29 June 2011, the Crime and Misconduct Commission (CMC) released its report, *Regulating Prostitution: a follow up review of the Prostitution Act 1999*. It was gratifying that the CMC acknowledged the successful track record of the Prostitution Licensing Authority (PLA) in regulating the licensed sector of Queensland's sex industry. The CMC found that the PLA is achieving the underlying principles of the Prostitution Act, and presides over a sector that provides a safe and healthy environment for sex workers and clients, which has a minimal impact on the community, and is free of corruption and organised crime. The PLA continued to build on this successful track record of regulation in 2011-12. During the year, there were no complaints about police or official corruption at licensed brothels. There was no evidence of the involvement of organised crime, and no allegations of people trafficking for the purpose of sexual exploitation at any licensed brothel. There has not been a single complaint about the impact on community amenity of any licensed brothel during the 12-year history of the PLA. The PLA continued to prioritise the maintenance of a safe and healthy environment at licensed brothels, for the benefit of sex workers, clients, and the broader community.

The licensed sector has experienced no net growth over the past six years. In 2006-07, there were 24 licensed brothels in the state. 2011-12 commenced with 23 brothels and ended with 24. During the period, one brothel ceased operations, whilst two new brothels opened. The licensed sector has matured since its inception 12 years ago, and in the absence of legislative reform, there is a remote prospect of any significant growth of the sector. The PLA has engaged with the Hon Jack Dempsey MP, Minister for Police and Community Safety, on refinements to the regulation of Queensland's sex industry, including a submission on the issue of outcalls. The PLA will continue this engagement in 2012-13.

During 2011-12, the PLA continued to effectively perform its statutory functions. As the findings of the CMC confirm, the PLA is well placed to ensure the maintenance of a high-quality, effective and efficient brothel licensing regime that serves the public interest during the coming year and into the future.

I place on record the PLA's appreciation of the support given to it by the previous Minister for Police, Corrective Services and Emergency Services, the Hon Neil Roberts MP, and his staff, as well as the current Minister for Police and Community Safety, the Hon Jack Dempsey MP, and his staff. I also recognise and value the assistance of various government agencies that have so professionally supported and enhanced the work of the PLA.

I extend my thanks to my fellow members of the PLA who have a great wealth of knowledge and experience and who are invaluable in assisting me as Chair. I would especially like to acknowledge the contribution of Mr John Callanan, who resigned from the PLA following his retirement as Assistant Commissioner, Crime, at the CMC. Mr Callanan had served as a member of the PLA almost since its inception. He has a keen and incisive legal mind and brought a great wealth of expertise to the PLA, particularly in terms of his knowledge of organised crime and official corruption.

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

Manus Boyce
Chair

Executive Director's report

On 14 June 2012, I was pleased to be advised that I had been reappointed as Executive Director of the Office of the PLA for a period of 12 months commencing on 18 June 2012. I have led the administrative arm of the PLA since inception, first as Registrar of the PLA and now as Executive Director of the Office of the PLA. The PLA has been diligent in its regulation of the licensed sector of the sex industry and it was gratifying that this was acknowledged by the CMC. The advice and support of the Office of the PLA has been integral to the successful regulation of the sector. The office consists of a very small team of talented and dedicated individuals and I place on record my thanks to my colleagues for their hard work, support, and counsel throughout the year.

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

- conducting and facilitating probity investigations of applicants for brothel licences and approved manager's certificates
- the monitoring of the provision of prostitution through licensed brothels via the compliance program
- assisting with the conduct of disciplinary inquiries
- assisting the PLA to educate the community and sex workers about issues to do with prostitution
- arranging meetings of the PLA and taking minutes
- provision of advice and recommendations to the PLA
- provision of briefs and minutes and other advice to the Minister
- responding to queries and correspondence
- taking and investigating complaints
- liaising with other government agencies
- managing the finances of the PLA
- developing and implementing policies, procedures, and plans, and meeting statutory reporting requirements
- conducting surveillance of advertisements for prostitution and for social escorts advertising
- dealing with legal matters facing the PLA
- preparation of the PLA newsletter, *In Touch*
- drafting of fact sheets and other publications.

In 2012-13, the Office of the PLA continues to be well placed to help the Authority in the performance of its functions, thereby contributing to the maintenance of an efficient and effective licensing regime.

Margaret Isaac
Executive Director

Welcome to the Prostitution Licensing Authority

Our Mission

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

Our Values

Respect
Integrity
Health and safety
Impartiality

The PLA will strive to:

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

Our Operating Principles

The PLA acts in the public interest.

The PLA is committed to assisting in the prevention of corruption and organised crime in licensed brothels.

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

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

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

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

Our Purpose

To regulate prostitution in Queensland by implementing the Prostitution Act.

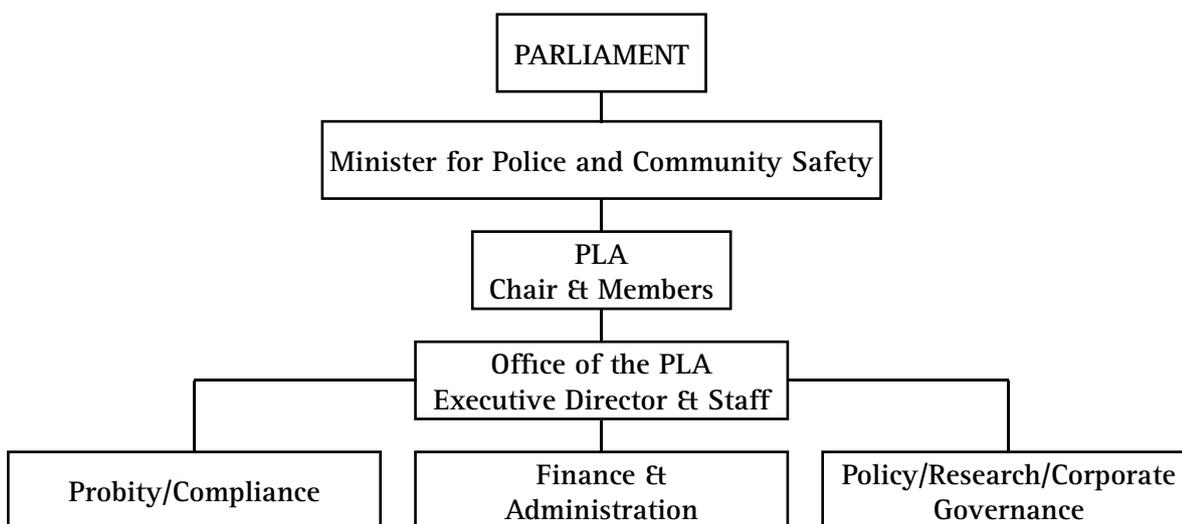
Contribution to Government objectives for the community

The PLA contributes to the Government's objectives for the community, particularly restoring accountability in government. The PLA contributes to these objectives by: ensuring an effective and efficient brothel licensing regime that operates in accordance with community expectations and statutory requirements; promoting the health and safety of sex workers and clients; limiting the impact of prostitution on the community; and preventing the infiltration of organised crime and corruption in licensed brothels. The PLA's probity, compliance, and educative functions are important to achieving these objectives.

Reporting structure and organisation

The Prostitution Act establishes the PLA, consisting of eight members. It also establishes the Office of the PLA, consisting of the Executive Director and the staff of the office. It is the role of the office to assist the PLA in the performance of its functions. The office consists of probity and compliance; finance and administration; and policy, research and corporate governance areas. The Executive Director is appointed by the Governor-in-Council. In addition to the Executive Director, there are eight full-time employees and one part-time employee, employed under the *Public Service Act 2008*. There are two vacant positions. Staff of the office are managed by the Executive Director, who in turn reports to the PLA. The PLA reports to the Minister for Police and Community Safety, the Hon Jack Dempsey MP, and to the Parliament of Queensland.

Figure 1: PLA organisational structure



The Prostitution Licensing Authority

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

- the Chair – an independent, respected member of the community nominated by the Premier
- the Commissioner of Police, or a police officer of at least the rank of Superintendent nominated by the Commissioner
- the Chairperson, or the Assistant Commissioner, Crime, of the CMC
- a health practitioner, with at least five years experience in the profession
- a lawyer who has been admitted for at least five years and has knowledge of or experience in administrative law, company law or criminal law
- a person who represents local government
- two persons who, in the Minister's opinion, are qualified to represent community interests.

Role of the Prostitution Licensing Authority

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

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

Current membership

The current members of the PLA were appointed by the Governor-in-Council on the recommendation of the Minister, in accordance with s. 102(2) of the Prostitution Act.

Mr Manus Boyce, Chair

Mr Manus Boyce was first appointed as Chair in 2005. His current appointment will expire on 3 November 2012. He was appointed as a District Court judge in February 1988 and retired in October 2004. Mr Boyce graduated from the University of Queensland with Bachelor of Laws and Bachelor of Arts degrees. Then followed seven years as a solicitor and 20 years at the Bar, including four years as Queen's Counsel. He served on the Committee of the Bar Association and the Barristers' Board for five years, and was the Bar Association representative on the Legal Aid Commission for a period of two years. He was a member of the Standing Committee of Convocation at the University of Queensland for 36 years and was Warden of Convocation from 1995 to 1998. In 1999, he was awarded a Medal for Distinguished Service to the University of Queensland.

Assistant Commissioner Peter Barron

Assistant Commissioner Peter Barron has been a member of the PLA since 2008, having been nominated by the Commissioner of Police. His current appointment will expire on 3 November 2012. He is currently the Assistant Commissioner, Director, Witness Protection and Operations Support of the Crime and Misconduct Commission (Police Group). Assistant Commissioner Barron was sworn in as a police officer in 1972. His early service was in north-west Queensland. He commenced in the Criminal Investigation Branch in 1978 and rose through the ranks from Constable to Detective Chief Superintendent. During this time he served in a diversity of roles, including officer in charge of the Homicide Squad and Fraud Squad. Also, during this time he served as a Detective Superintendent at the Criminal Justice Commission for three years. In early 2003 he was promoted to Chief Superintendent, State Crime Operations Command. In the latter part of 2004 he was promoted to Assistant Commissioner and transferred to the Far Northern Police Region. On 4 December 2006 he took up the position of Assistant Commissioner, Metropolitan North Region in Brisbane.

Mr John Callanan

Mr John Callanan holds Bachelor of Arts and Bachelor of Laws (Hons) degrees from the University of Queensland. Mr Callanan was appointed to the PLA by virtue of being the Assistant Commissioner, Crime, at the CMC, pursuant to s. 102(1)(c) of the Act. He was reappointed to the PLA for an eighteen month term commencing on 4 May 2011 but ceased to be a member of the PLA in November 2011, following his retirement as Assistant Commissioner, Crime, a position he had held since 1998. Mr Callanan was admitted as a barrister in 1977 and had extensive prosecution experience in serious crime until 1988. From then until 1994 he was Counsel Assisting in the Fitzgerald Inquiry and then senior prosecutor with the Fitzgerald Inquiry Prosecutions Taskforce and the Office of the Special Prosecutor. From 1994 to 1998 he was engaged in private practice prosecuting and defending in criminal matters.

Ms Kathleen Florian

Ms Kathleen Florian is the Assistant Commissioner, Crime, at the CMC. Ms Florian has been appointed to the PLA by virtue of that position. Ms Florian was first appointed to the PLA on 2 February 2012 and her appointment will expire on 8 December 2014. She joined the CMC in January 2012, having succeeded Mr John Callanan. For the nine years previous, Ms Florian had filled senior roles at the Australian Crime Commission (ACC), including heading up the agency's operations in Queensland since 2009. Ms Florian holds a Bachelor of Laws (Hons) degree from the University of Queensland and was admitted as a Barrister of the Supreme Court of Queensland in 1992. She commenced her career with the Queensland Office of Director of Public Prosecutions in 1988, and joined the National Crime Authority (now the ACC) in 1992. Ms Florian has worked on Italian organised crime, outlaw motor cycle gangs, established criminal networks, money laundering and serious fraud, people trafficking for sexual exploitation, and crime in the transport sector. In 1999, she was awarded the Geoffrey Bowen Memorial Award, the highest individual award offered by the National Crime Authority.

Dr Diane Rowling

Dr Diane Rowling has been a member of the PLA since 2005. She is appointed as a health practitioner and her current term of appointment expires on 3 November 2012. Dr Rowling is a Public Health and Sexual Health Physician. She is currently a Senior Medical Officer with the Brisbane Sexual Health and HIV Service and is a former Medical Director of Family Planning Queensland. Dr Rowling has held community health positions in the Northern Territory and regional Queensland with a focus on indigenous health issues.

Ms Christine Jones

Ms Christine Jones has been appointed to the PLA as a lawyer. She was first appointed on 4 May 2011 and her appointment will expire on 3 May 2014. Ms Jones holds Bachelor of Arts and Bachelor of Laws (Hons) degrees from the University of Queensland. She has extensive legal, policy and executive experience. Ms Jones is currently the Chair, Australian Stock Exchange Appeal Tribunal, and an adjunct academic at Griffith University in the Legal Practice Clinic Programme. For 16 years, Ms Jones was employed in a number of roles at the Australian Stock Exchange Group, ending as Group General Counsel and Company Secretary. She commenced her legal career at the Public Defender's Office and Goss Downey Carne.

Ms Cathryn McKenzie

Ms Cathryn McKenzie was appointed as local government representative in November 2011 and her appointment will expire on 3 November 2012. Ms McKenzie has been the Principal Advisor - Social Policy at the Local Government Association of Queensland since August 2010. She holds qualifications in social work from the University of Queensland. Ms McKenzie has previously worked for community based organisations, and state and federal government in a variety of roles.

Ms Annette Murphy

Ms Annette Murphy has been appointed as a community representative. She has been a member of the PLA since June 2004. Her current term of appointment expires on 3 May 2014. Ms Murphy is a registered nurse, retired, and worked in the area of child protection for 22 years. She was a recipient of the Queensland Child Protection Award – Professional Category – in recognition of her contribution to child protection in 1988. Ms Murphy was awarded a Churchill Fellowship in 2002 to examine the role of registered nurses in child protection in the USA, UK, Sweden and Denmark. She was the coordinator of the Mater Hospital Child Protection Unit from 1989-2005 and from August 2005 to June 2007 was the Acting Manager, Suspected Child Abuse and Neglect Team Support and Development Unit in the Department of Child Safety.

Ms Lynette Palmen AM

Ms Lynette Palmen AM has been appointed to the PLA as a community representative. She was first appointed in June 2004 but resigned in August 2006. She was reappointed on 3 June 2010. Her current term of appointment will expire on 3 May 2014. Ms Palmen is the founder and managing director of Women's Network Australia Pty Ltd, which is the nation's leading networking organisation for women. Founded in 1990, it has more than 15,000 members and subscribers. Ms Palmen spends much of her time speaking to, for and about women and the issues important to them and their success in the corporate, small business and home-based sector. In 2004, she was awarded the Order of Australia AM for service to the community, particularly through promoting public awareness of existing and emerging issues affecting women, and in providing expertise to a range of charitable and not-for-profit organisations. Prior to founding Women's Network Australia, she had a background in the corporate sector working in the investment and financial services industries.

Meetings

The PLA held 10 meetings in 2011-12.

Table 1: Attendance at meetings of the PLA

Name	Number attended	Notes
M. Boyce (Chair)	10	
P. Barron	10	
J. Callanan	5	1
K. Florian	3	2
D. Rowling	8	
C. Jones	9	
C. McKenzie	5	3
A. Murphy	10	
L. Palmen	8	

Notes:

1. Membership ceased following 7 November 2011 meeting.
2. Appointed 2 February 2012.
3. Appointed 4 November 2011.

Remuneration

The Chair and members of the PLA were collectively paid \$43,053 during 2011-12, as determined by the Governor-in-Council. This payment represents the annual remuneration to the Chair and the members for attending meetings of the PLA. Ex-officio members (that is, members who hold a paid State Government position) of the Authority do not receive additional remuneration for attending meetings.

Our Performance

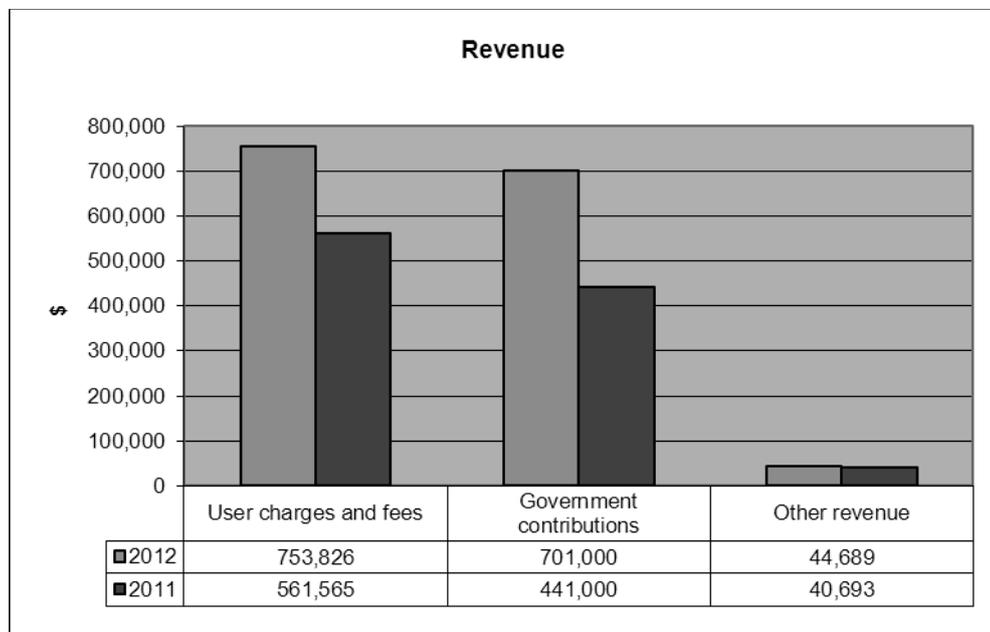
Financial performance summary

Statement of Comprehensive Income

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

Revenues of the Authority are sourced primarily from fees for brothel licences and managers' certificates. The other major source of funds includes a Government grant received through an administered appropriation from the QPS. The increase in fees revenue was mainly due to the timing of the lodgement of brothel licence renewal applications and an increase in brothels fees received during the course of the year.

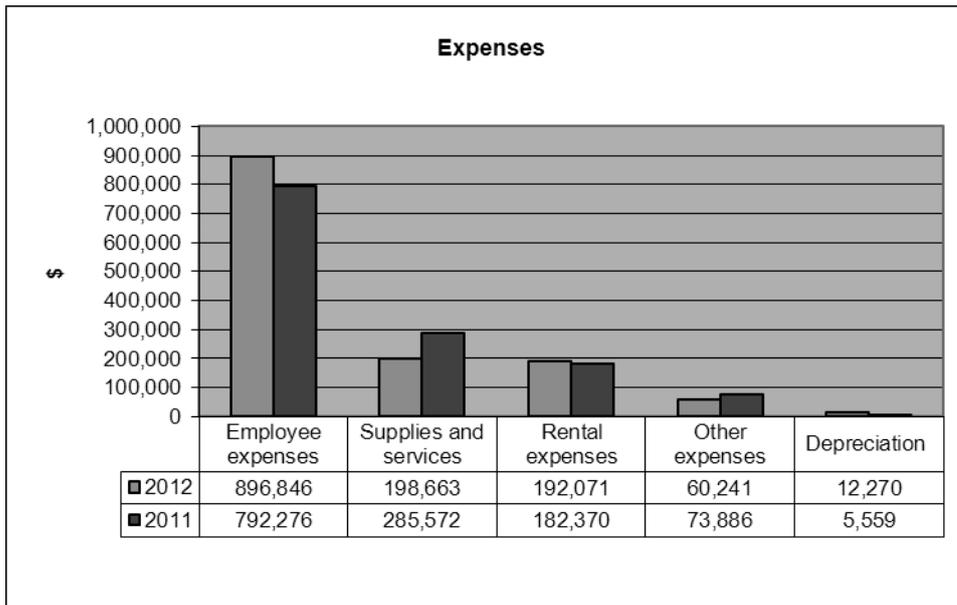
Figure 2



Employee expenses increased due to an additional staff member employed to replace a staff member in transition to retirement.

The Supplies and Services decreased due to a Provision for Claims taken up in the 2011 year and savings in the Printing & Binding and Legal expenses.

Figure 3

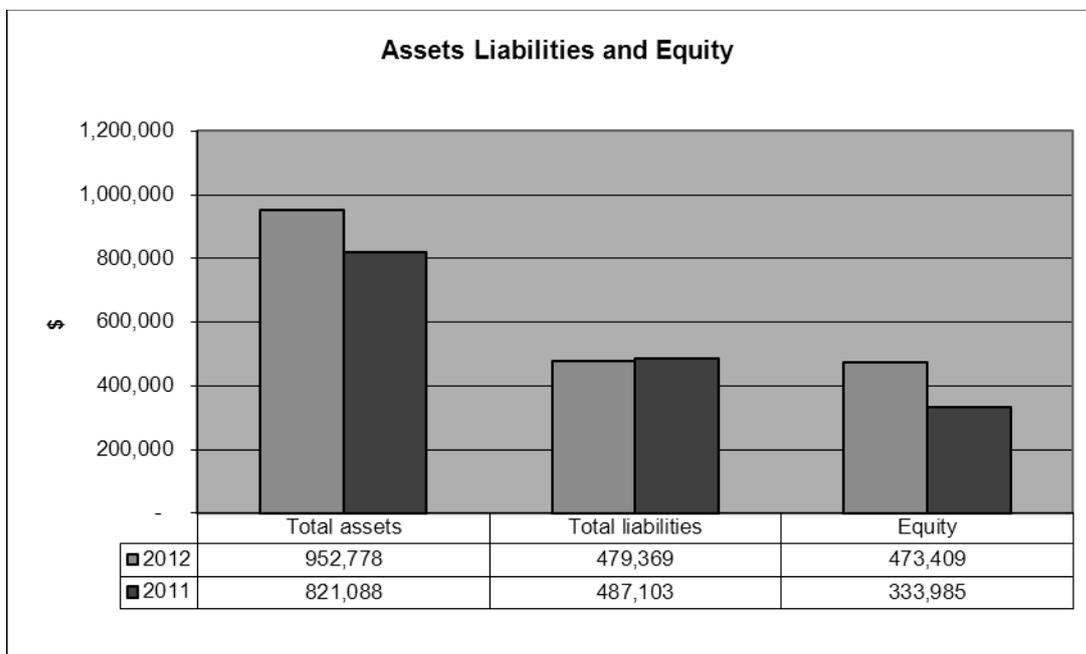


Statement of Financial Position

The Statement of Financial Position measures the value of assets, liabilities and equity of the Authority as at 30 June 2012.

Our equity has mainly increased as a result of the increase in cash assets.

Figure 4



Statement of Cash Flows

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

Cash Flow in the Authority is generated primarily from operating activities, where the significant inflows include revenue from fees for brothel licences and managers' certificates and revenue from a Government grant. Significant outflows are employee expenses, supplies and services for operational requirements and payments for lease commitments. The year ended in an increase in cash from \$677,640 at 30 June 2011 to \$846,973 at 30 June 2012.

Performance statement

The PLA has developed a number of 'service standards' in order to provide information about how efficiently and effectively it delivers services within its approved budget. These measures were reported to the community and to the Parliament through the state budget process.

Table 3: Service standards 2011-12

Prostitution Licensing Authority	Notes	2011-12 Target/est.	2011-12 Est. actual	2012-13 Target/Est.
Service standards				
Percentage of complaints resolved	1	95%	95%	95%
Percentage of licensed brothels implementing best practice standards		100%	100%	100%
Satisfaction of applicants with PLA client service		95%	93%	95%
Other measures				
Number of compliance activities conducted		200	197	200
Applications processed within PLA and forwarded to QPS within 20 business days		95%	95%	95%
Complaints to the PLA resolved within 20 business days	2	95%	95%	98%

Notes:

1. This standard refers to the proportion of complaints received in the reporting year that are resolved within the reporting year.
2. This measure refers to the proportion of resolved complaints that are resolved within 20 business days.

Statistical highlights 2011-12

- 24 licensed brothels operating in Queensland (figure 5).
- 42 brothel licence applications (consisting of five new applications, 33 annual returns, and four renewal applications) and 110 applications for an approved manager's certificate (consisting of 33 new applications, 66 annual returns, and 11 renewal applications) (table 5).
- 58 police entries made to 18 licensed brothels (table 10).
- 46 complaints relating to prostitution, down from 63 the previous year (figures 6, 7, and 8).
- There have been no complaints in respect of licensed brothel impact on community amenity in the 12-year history of the PLA.
- 197 compliance activities, resulting in 132 corrective actions and 50 recommendations for improvements to brothel operations (table 9).

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

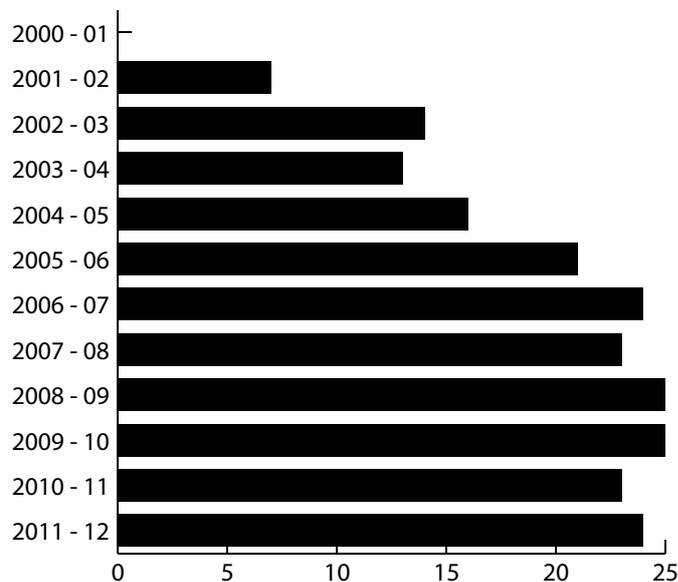
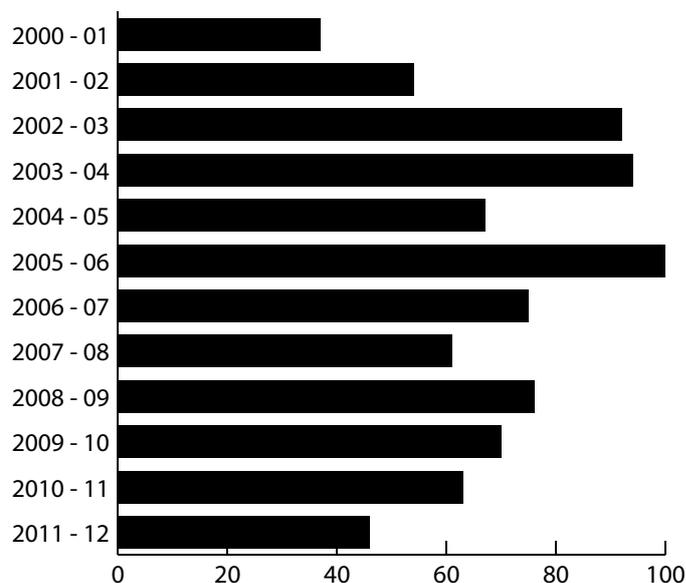


Figure 6: Number of complaints received by year



The environment in which we operate

After contracting the previous year, the licensed sector of the sex industry stabilised in 2011-12. During the year, the number of brothels in Queensland increased by one. Sensations on Spine opened in July 2011 at a location in Sumner Park that was the site of a brothel that had previously closed down. Bluebirds on Carmel at Townsville re-opened in August 2011 after a period of closure. In April 2012, the state's first licensed brothel, Purely Blue at Bowen Hills, ceased operation. The year closed with 24 brothels throughout the state. For the foreseeable future, absent legislative reform, the PLA expects the number of licensed brothels to hover around the mid-twenties. The size of the sector may be attributed to:

- the prevailing economic conditions, especially for the retail sector
- the general financial viability of licensed brothels and the business acumen of individual licensees
- competition with illegal operators who do not have the same overheads or regulatory burden, and who do not have to pay licensing fees
- the regulatory regime for brothels.

The size of the sector impacts on the ability of the PLA to fund its operations from own source revenue in the form of fees for brothel licences and approved manager's certificates. In addition to fees revenue, the Authority continues to be reliant on a government grant. Without policy change to make the licensed brothel sector more competitive within the broader industry, there is no prospect that the PLA will be self-funding given the size of the licensed sector and its constrained opportunities for growth.

The PLA has engaged with the new Minister, the Hon Jack Dempsey MP, as well as the Crime and Misconduct Commission (CMC), with its proposals for legislative reform of Queensland's sex industry. The PLA has proposed reforms designed to target illegal operators and enhance the scope of regulation of the sex industry. The Authority will continue this engagement throughout 2012-13.

In 2010-11, the CMC conducted a review of the Prostitution Act and on 29 June 2011 tabled its report, *Regulating Prostitution: A follow-up review of the Prostitution Act*. As stated in last year's annual report, the CMC concluded that the Prostitution Act effectively regulates the licensed brothel sector of the sex industry and praised the PLA for its diligence in regulating the sector. The CMC found that the objectives of the Prostitution Act are generally being met. The CMC said that licensed brothels provide a safe and healthy environment in which prostitution takes place. It acknowledged that licensed brothels provide the safest working environment for sex workers. The PLA was particularly pleased with this finding because it has strived since its inception to ensure that licensed brothels provide an environment which maximises the health, welfare, and autonomy of sex workers.

The CMC made two recommendations, although neither was specifically in respect of the Authority or its functions. Firstly, that s. 93 of the Prostitution Act be amended to ensure that it covers all advertisements for prostitution, however prostitution is described. Secondly, that a Ministerial Advisory Committee (MAC) be established. The PLA considered its response to these two recommendations during the year and advised the Minister. It agreed to support the first recommendation, which will put beyond doubt that all advertisements for prostitution that are published in Queensland must be in the approved form. The PLA did not support recommendation two. There are insufficient grounds for the establishment of a MAC. Existing informal methods of collaboration with organisations and other government bodies are adequate.

The PLA appreciates that prostitution remains a contentious phenomenon in the community. The selling and purchase of sex has endured over many centuries across civilisations in spite of moral and other objections, and criminalisation of these activities. With this in mind, the decision to legalise and regulate the sex industry is a pragmatic one with the intention of limiting its impact on the community; minimising risks to the health, safety and welfare of sex workers and clients; and combating opportunities for the infiltration of organised crime and official corruption. As the recent CMC report demonstrates, the Prostitution Act has been an outstanding success in this regard.

Our Corporate Governance Framework

Appointment of PLA members

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

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

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

The strategic planning cycle

Section 9 of the Financial and Performance Management Standard 2009 requires that each statutory body develop a strategic plan for the agency to cover a period of four years. The Authority has approved the PLA's Strategic Plan and it may be accessed from the PLA website. An Operational Plan has also been developed and approved by the PLA. They are both reviewed and updated annually.

Our objectives and strategies

The Strategic Plan identifies the following objectives and strategies.

GOAL	STRATEGY
To ensure an efficient and effective brothel licensing system	<ul style="list-style-type: none">• Process applications and forward them to the Queensland Police Service (QPS) within 20 business days.• Regularly liaise with QPS on the status of applications.• Being clear and concise about the information required from applicants.• Monitoring the application process and making appropriate changes to ensure a more efficient and effective system.• Contribute to any review of the Prostitution Act or other legislation which impacts on the PLA.• Contribute to and implement any amendments to the Prostitution Act.• Engage with the Minister and with other government agencies on the regulation of the sex industry.
To have a licensed brothel sector that complies with the Prostitution Act and best practice standards	<ul style="list-style-type: none">• Monitoring compliance via regular scheduled and unannounced audits and inspections of all licensed brothels.• Educating licensees and managers in respect of their obligations and the expectations of the PLA.• Reviewing and amending brothel licence conditions for currency and best practice.• Reviewing and amending the Guidelines for the Operations of Licensed Brothels in Queensland.• Monitoring compliance with and the impact of the Guidelines for Prostitution Advertising.

<p>To inform the sex industry, the community and the Minister about relevant prostitution issues in Queensland</p>	<ul style="list-style-type: none"> • Facilitate the appropriate consideration of prostitution related matters through the interdepartmental working group on prostitution. • Publish and disseminate fact sheets, newsletters, and other documents (in multiple languages, where appropriate). • Ensure that information on the PLA website is relevant and current. • Liaison with the Queensland sex worker organisation, Respect Inc. • Written communication with key stakeholders, as appropriate, throughout the year.
<p>To provide a safe, fair and productive workplace at the PLA</p>	<ul style="list-style-type: none"> • Provide leadership to ensure acceptable service provision at the PLA. • Supportive and open style of management • Review workflow and processes of PLA operations. • Ensure staff are provided with relevant training opportunities.

Ethical and professional conduct

High standards of ethical conduct continue to be one of the PLA's major objectives. All staff of the Office of the PLA are subject to the single Code of Conduct for the Queensland Public Service. Staff of the agency have been provided with a copy of the code. Agencies are required annually to provide appropriate education and training to their employees about public service ethics. A range of relevant material from the Public Service Commission (PSC) was circulated to staff, and staff were encouraged to raise any queries with their manager. During the year, all staff completed on-line training on the code provided by the Institute of Public Administration Australia Queensland. The Executive Director of the Office of the PLA has also attended training in public service ethics provided by the PSC. The administrative procedures and management practices of the Authority have proper regard to the ethics principles and values and the Code of Conduct.

The Prostitution Act also permits the obtaining of a person's extended criminal history in order to determine if they should be considered for appointment to the Office of the PLA or if they should continue to be engaged as a staff member. Additionally, staff are obliged to provide notice, in the approved form, of a change in their extended criminal history.

To overcome any potential conflict of interest when considering licence and manager's certificate applications, we comply with guidelines established in our Probity Investigation Manual (PIM). The PIM identifies procedures to notify PLA members of the names of individuals associated with licence and certificate applications to ensure a transparent decision-making process. The PIM was reviewed and updated in 2011-12.

Public interest disclosures

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

Risk management

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

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

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

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

External audit

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

Internal audit

As a statutory body, the PLA is not required to establish an internal audit function. The PLA has not established an internal audit function because of the small size of the agency, its limited budget, and its small staff. The PLA has clear accountabilities and arrangements in place to minimise financial risks. Ultimately, oversight is provided by PLA members. The PLA has implemented a framework for a regular systems appraisal instead of a separate internal audit function. The systems appraisal, which is conducted once every three years at a minimum, aims to assess the appropriateness of systems and procedures and the proper functioning of internal controls. The systems appraisal is undertaken in conjunction with the broader risk management process.

In 2011-12, we undertook our triennial systems appraisal with the objective of identifying specific risks to the PLA, evaluating the degree of risk for each system/process, identifying current controls and implementing appropriate control improvements to minimise the risk. The systems appraisal was completed in consultation with relevant PLA staff with the following systems reviewed:

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

The results of the systems appraisal were provided to the Executive Director for consideration and approval. The PLA implemented appropriate control measures for relevant risks. The next systems appraisal is to be completed in 2014-15.

Records management

The PLA complies with the provisions of the *Public Records Act 2002*, Information Standard 40: Recordkeeping, and Information Standard 31: Retention and Disposal of Public Records. The PLA has developed its own Retention and Disposal Schedule, which has been approved by the Queensland State Archivist. This year, the PLA focused on implementing this schedule and that work will continue in 2012-13.

Our Business

Brothel licensing

At year end, there were 24 licensed brothels in Queensland.

Table 4: Licensed brothels in Queensland at 30 June 2012

Address	Name of Brothel	Date Opened	Telephone Contact
Brisbane City Council			
476 Boundary Rd, Archerfield	Yimi 476	24.08.05	3277 7318
180 Abbotsford Rd, Bowen Hills	Montecito	30.02.06	3852 2057
1/32 Meadow Ave, Coopers Plains	Asian Star on Meadow	12.06.09	3216 7222
120 Robinson Rd, Geebung	Miso Honey	02.05.02	3865 6066
83 Randolph St, Rocklea	Temple of Pleasures	15.05.09	3875 2088
61 Spine St, Sumner Park	Sensations on Spine	28.07.11	3279 2928
12 Nile St, Woolloongabba	Cleo's on Nile	22.10.05	3393 1678
88 Logan Rd, Woolloongabba	88 on Logan	13.06.03	3891 1198
945 Fairfield Rd, Yeerongpilly	The Viper Room	17.05.02	3392 7070
Moreton Bay Regional Council			
22 Brewer St, Clontarf	Intimate Encounters	20.08.03	3283 6111
Gold Coast City Council			
12 Greg Chappell Dr, Burleigh Heads	Black Orchid Bliss at Burleigh	09.03.02	5522 1400
44 Upton St, Bundall	Silks on Upton	12.03.02	5538 2088
37 Upton St, Bundall	Utopia in Paradise	01.07.06	5539 0224
1/29 Expansion St, Molendinar	LuvAsian	02.09.05	5564 5599
30 Jade Dr, Nerang	Pentagon Grand	12.04.02	5597 0777
13/38 Eastern Service Rd, Stapylton	Arowana on Eastern Service	06.08.10	3287 2858
Logan City Council			
26 Magnesium Dr, Crestmead	Club 26	19.11.05	3803 1000
Sunshine Coast Regional Council			
14 Avian St, Kunda Park	Scarlet Harem	13.12.02	5476 5044
Mackay Regional Council			
39 Enterprise St, Paget	Club 7 on Enterprise	08.07.02	4952 6767

Toowoomba Regional Council 1/14 Civil Court, Harlaxton	Deviations	12.09.09	4613 1133
Townsville City Council 15 Carmel St, Garbutt	Bluebirds on Carmel	01.10.03 to 30.09.10	4779 9555
17 Hugh Ryan Dr, Garbutt	Australian Maid	08.12.11 01.07.02	4725 5888
Cairns Regional Council 11 Cava Cl, Bungalow	Northern Belle	29.12.06	4033 5955
Mount Isa City Council 14 Traders Way, Mt Isa	My Room	02.01.08 to 13.09.09 05.11.09	4743 3498

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

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

In 2011-12, there were 42 brothel licence applications, comprising five new applications, 33 annual return licences and four renewals¹ (table 5). Of the new licence applications, three were given, one was withdrawn and the remaining application will be considered by the PLA in 2012-13. Of the licence renewal applications, two were granted, and the remaining two will be considered by the PLA in 2012-13.

There were a total of 110 approved manager's certificate applications in 2011-12, comprising 33 new applications, 66 annual return certificates and 11 renewals (table 5). Of the new certificate applications, 28 were granted, one was withdrawn, and the remaining four will be considered by the PLA in 2012-13. Of the certificate renewal applications, all 11 were granted.

Table 5: Applications received 2011-12

	Brothel licences	Approved manager's certificates
New applications	5	33
Annual returns	33	66
Renewal applications	4	11
Total	42	110

¹ Brothels may be owned by more than one individual. Each of those individuals must hold a licence. The number of brothel licences therefore exceeds the number of licensed brothels.

Development approval

In Queensland, the licensing and location of brothels are two separate matters administered by two different levels of government. The PLA is a State Government agency and it is responsible for the licensing of individuals to operate a brothel. On the other hand, local councils are responsible for deciding development approval applications in respect of brothels. Under Schedule 1 of the *Integrated Planning Act 2009*, a brothel must:

- have no more than five working rooms
- be greater than 200 metres distance (measured according to the shortest lawful route) from a primarily residential area or an area approved for residential development or intended to be residential in character
- be greater than 200 metres distance (measured according to the shortest lawful route) and greater than 100 metres (measured in a straight line) from any residential building, place of worship, hospital, school, kindergarten, or any other place regularly frequented by children for recreational or cultural activities.

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

From the beginning of the licensed brothel framework, there have been 56 applications made to local governments in Queensland for development approval for a brothel (table 6). One application was received in 2011-12 but it was not for a proposed new brothel. The licensee of 88 on Logan at Woolloongabba has applied to Brisbane City Council to relocate the existing brothel to the adjoining unit in the complex. No development applications were received in the previous year. This reflects the state of the licensed brothel sector and is a key reason why the PLA considers that the number of brothels in Queensland will hover around the mid-twenties for the foreseeable future. The majority of development applications for brothels have been for premises in the Brisbane and Gold Coast areas. In excess of half of all applications have been approved.

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

There are 12 premises in Queensland for which local government authorities have granted development approval for a brothel, but which do not currently have an operational brothel and for which the PLA did not receive a brothel licence application in 2011-12 (table 7). Because a site has approval for a brothel it does not necessarily mean it will be put to that use and other non-sex industry businesses might instead operate from that site. For example, 28 Leyland St, Garbutt (Townsville), received development approval in November 2000 but there has never been a brothel at the site. Likewise, 10/68 Redland Bay Rd, Capalaba, received development approval in November 2006 but there has never been a brothel at the site. The brothel at 48 Callemondah Dr, Gladstone, ceased operation in May 2008 and the site has not operated as a brothel since. Of the premises listed in table 7, probably the only address which the PLA might receive a brothel licence application in respect of is 175 Abbotsford Rd, Bowen Hills (formerly the location of Purely Blue) but that will ultimately depend on whether the purchaser of the site intends to utilise it as a brothel.

In accordance with Schedule 1 of the Integrated Planning Act, for land in a town with a population of less than 25,000, the local government for the area may make an application to the Minister responsible for the administration of that Act requiring that all development applications for brothels within the area be prohibited. The agreement of the Minister is required. More than 200 towns in Queensland have received approval to prohibit brothel development applications.

Table 6: Development approval applications for brothel premises since the commencement of the licensed brothel framework

Local authority	Approved	Refused	Withdrawn/ lapsed	Pending	TOTAL
Brisbane	12	3	2	1	18
Gold Coast	7	2	3	-	12
Townsville	3	-	1	-	4
Cairns	3	1	3	-	7
Logan	2	-	1	-	3
Sunshine Coast	2	-	1	-	3
Redland	1	-	-	-	1
Toowoomba	1	2	-	-	3
Moreton Bay	1	-	-	-	1
Rockhampton	1	-	-	-	1
Mackay	1	-	-	-	1
Gladstone	1	-	-	-	1
Mount Isa	1	-	-	-	1
TOTAL	36	8	11	1	56

Table 7: Council approved premises on which there is not an operational brothel and for which the PLA did not receive a brothel licence application in 2011-12

Local authority	Address
Brisbane	175 Abbotsford Rd, Bowen Hills 1/9 Alton St, Coopers Plains 1090 – 1110 Kingsford Smith Dr, Eagle Farm
Cairns	7 Owen Cl, Portsmith 5 Southgate Cl, Woree
Gladstone	48 Callemondah Dr, Gladstone
Gold Coast	5/47 Newheath Dr, Arundel
Logan	3509 Pacific Hwy, Slacks Creek
Redland	10/68 Redland Bay Rd, Capalaba
Rockhampton	17 Bush Cres, Parkhurst
Sunshine Coast	13 Cessna St, Marcoola
Townsville	28 Leyland St, Garbutt

Monitoring and Compliance

The compliance program

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

- provision of advice and guidance to brothel licence applicants with respect to development of policies, procedures and operational standards
- educating brothel licensees and approved managers about their obligations and responsibilities
- ongoing monitoring of existing licensed brothels operations
- activities for improvements to individual brothel operations or across the industry as a whole.

It is a priority of the PLA compliance program to ensure that the operations of licensed brothels are conducted in accordance with the highest standards, commensurate with community expectations, and in accordance with legislation, and licence and certificate conditions. Compliance activities comprise:

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

There are a set of standard conditions that attach to each brothel licence. These conditions are reviewed annually by the PLA, in consultation with licensees and managers.

Table 8: Operations of Licensed Brothels Controlled through the Compliance Function of the PLA

	Elements	Outcomes
Harm minimisation and infectious disease control	Measures are in place to control the spread of infectious disease and harm minimisation principles are applied where appropriate	
	Infection control procedures are undertaken in the maintenance of the brothel	Infection controls are maintained to appropriate standards
	Promotion of safer sex practices	Clients and sex workers engage in safe sex practices
	Monitoring of sexual health checks for sex workers	Sex workers have undergone current sexual health assessment
	Monitoring of waste disposal protocols	Appropriate standards of practice are maintained for the disposal of clinical waste and sharps to achieve best practice
	Identification of emergent issues in relation to infectious disease control	Best practice and currency of knowledge is promoted and maintained
	Assessment of clients in relation to sexually transmissible infections or behaviour	Sex workers have autonomy in relation to seeing clients
	Provision of prophylactics	Management of brothels support promotion of public health safe sex practices
Policies and procedures	Operational policies and procedures are developed, implemented and maintained to manage brothel operations	
	Business operations	Business records are maintained to required standards
	Employment of staff and engagement of sex workers	Appropriate industrial instruments and/or practices are adopted
	Workplace Health and Safety	Management understand their obligations under the <i>Work Health and Safety Act 2011</i>
	Sexual Health Management	Information and procedures are provided to promote sexual health of sex workers and clients
	Cleaning and sanitising procedures	Suitable and appropriate measures are undertaken for brothel facilities
Safety and Security	Risks are identified, assessed and controlled for the brothel	
	Physical and procedural controls are identified, assessed, implemented and monitored for the brothel	Safety and security is maintained or enhanced for the brothel environs
	Physical and procedural controls are identified, assessed, implemented and monitored within working rooms	Measures are implemented to provide safety to workers from clients
Structure and amenities	Layout and facilities of the brothel are suitable for brothel operations.	
	Liaison with applicants	Planning of brothel is undertaken to meet requirements for amenities and structure

Audits and inspections of each of the state's 24 licensed brothels continue to demonstrate that the sector is highly compliant with its regulatory obligations. Licensees are committed to maintaining a safe, clean and legal sector. During 2011-12, there were almost 200 compliance activities undertaken by staff of the Office of the PLA. As a result of audits and inspections throughout the year, 132 corrective actions were identified and 50 recommendations made for improvements to brothel operations (table 9).

Table 9: PLA compliance activities 2011-12

Number of compliance activities	197
Number of required corrective actions as a result of audits	132
Number of recommendations for improvements to brothel operations	50

Disciplinary action

It is a function of the PLA to conduct disciplinary inquiries in relation to licensees and approved managers and to discipline licensees and approved managers. The PLA has a range of disciplinary powers at its disposal, including a reprimand, an additional condition of licence or certificate, a monetary penalty, suspension or even cancellation. Disciplinary action is seen as a last resort by the PLA. The Authority has an emphasis on educating licensees and managers about their obligations and achieving compliance by way of cooperation rather than punitive action. The great majority of brothel licensees and approved managers are diligent in complying with their responsibilities and obligations. Where corrective actions are identified, licensees are generally prompt in attending to them. The result is that the PLA rarely takes disciplinary action.

In recent years, disciplinary action has almost exclusively been in response to non-payment of annual fees. Amendments to the Prostitution Act secured in 2010-11 providing for automatic suspension/cancellation of licences and certificates for non-payment of annual fees has meant that it is no longer necessary for the PLA to engage in the cumbersome process of disciplinary inquiry and action for the simple non-payment of fees. During 2011-12, three brothel licences were automatically cancelled for failure to make a payment under a payment plan agreed to by the Authority. The brothel had already ceased to operate when this action occurred. Over the same period, 26 approved manager's certificates were automatically suspended and 23 were automatically cancelled. Four suspensions were lifted after payment of annual fees. One automatically suspended certificate was surrendered to the PLA and therefore did not proceed to automatic cancellation. In most cases, the certificate holders had already left the industry but had failed to advise the PLA and surrender their certificate.

The PLA conducted one disciplinary inquiry during the year in respect of a licensee who had failed to address outstanding non-conformances over an extended period. The inquiry prompted the licensee into action and given the progress that was made in addressing the non-conformances during the inquiry period, the Authority determined not to take any disciplinary action against the licensee.

Complaints

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

During 2011-12, the PLA received 46 complaints relating to prostitution issues (figure 7). Most complaints were about suspected illegal prostitution activities. Only seven complaints were received about the operation of licensed brothels. None of these complaints were about the impact on community amenity of a brothel. To assist in the management of complaints, a database is used to record and monitor all complaints received by the PLA.

Complaints were resolved either by the PLA itself or by referral to the Prostitution Enforcement Taskforce (PETF) of the Queensland Police Service, for investigation (figure 8).

Figure 7: Number and Type of Complaints

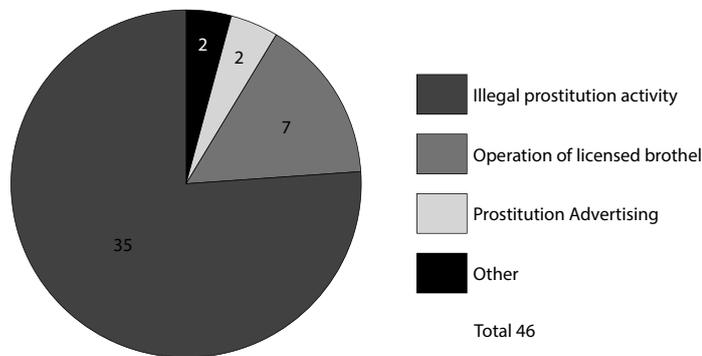
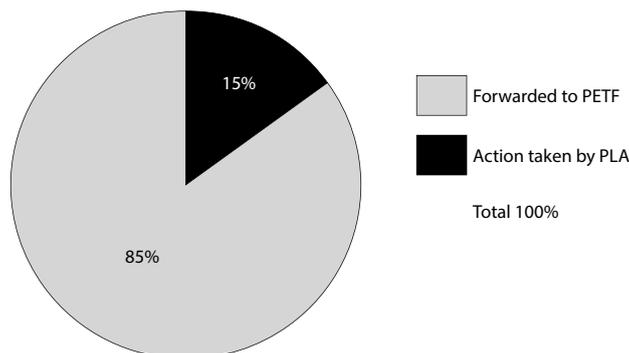


Figure 8: Resolution of Complaints



Police entries to licensed brothels

During the year, the PLA received advice from police and licensees, as required under s. 61 of the Prostitution Act and the conditions of licence, of 58 police entries to 18 licensed brothels (table 10). The police may enter brothels for a variety of reasons, including:

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

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

Table 10: Police entries to licensed brothels

Brothel	Number of visits
88 on Logan	9
Asian Star on Meadow	1
Black Orchid Bliss at Burleigh	2
Bluebirds on Carmel	1
Cleo's on Nile	5
Club 26	3
Intimate Encounters	3
LuvAsian	2
Miso Honey	4
Montecito	4
My Room	1
Pentagon Grand	2
Purely Blue	4
Silks on Upton	3
Temple of Pleasures	1
The Viper Room	6
Utopia in Paradise	5
Yimi476	2
TOTAL	58

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

Advertising of prostitution

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

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

The PLA has published *Guidelines about the approved form for prostitution advertising* which came into effect on 30 May 2008. Advertisers and publishers must self-assess the proposed advertisement against the guidelines and thereby determine if the advertisement is in the approved form. In a limited range of circumstances, the guidelines require that specified advertisements must be submitted for the approval of the PLA. Previously, all advertisements for prostitution published in Queensland needed to be submitted for the approval of the Authority. The PLA has gone from approving thousands of advertisements each year before the guidelines came into effect to just a handful this year. The guidelines have resulted in a simpler, more efficient and streamlined advertising approval process, which has been welcomed by the sex industry and publishers alike.

The Authority continues an advertising surveillance program which commenced in 2003. A sample of approximately 1,000 print or web based media advertisements are examined each month. The surveillance program has identified a 98 per cent compliance rate. Significantly, advertising complaints have not increased since the inception of the guidelines. This year, the PLA received only two complaints about prostitution advertising, which would tend to indicate that these advertisements are not a source of significant community concern (figure 7). In most cases, non-compliance is dealt with by contacting the publisher, informing them of the breach and educating them about the provisions of the guidelines. In appropriate circumstances, suspected breaches are referred to PETF, for investigation.

Social escort services advertising

Since 2010-11, the PLA has been responsible for the regulation of social (i.e. non-sexual) escort services advertising. The Prostitution Act requires that an advertisement for a social escort service must not be published unless it is in the approved form, and gives the PLA the power to issue guidelines about the approved form (in the same manner as for prostitution advertising). The PLA has developed and issued *Guidelines for social escort services advertising* that came into effect on 14 March 2011. It is the responsibility of advertisers and publishers to determine if proposed advertisements conform to the guidelines. It is a requirement of the Prostitution Act that an advertisement for social escort services must contain the words 'non-sexual' or 'sexual services are not provided'. The PLA has broadened its advertising surveillance to encompass social escorts advertising and no breaches were identified in 2011-12.

Liaison and Assistance

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

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

- members of the public
- the sex industry
- other key stakeholders.

Communicating with members of the public

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

The Authority's fact sheet series (along with its client service charter) is integral to its communications strategy. They assist interested parties in understanding the work of the PLA, the requirements for involvement in the sex industry, and promote knowledge of the legal framework for the sex industry in Queensland. These fact sheets have been posted on the PLA's website, were distributed to licensed brothels, sent to national sex worker organisations in Australia and New Zealand, and are available from the PLA's office. The Authority completely revamped its fact sheet series over the course of 2011-12.

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

The PLA website

The PLA website is an important tool by which the Authority makes information available to the sex industry and public on an ongoing basis. The website contains a wealth of information relating to the PLA and the sex industry and is continuously updated. As the website provides one of our primary means of reaching our stakeholders on an ongoing basis, we ensure that many of our publications are available electronically. The website also contains links to other sites that may be of interest to both the industry and the public. On average, there are more than 600 visitors to the PLA website each month.

Communicating with the sex industry

During 2011-12, the PLA continued its engagement with the Queensland sex worker organisation, Respect Inc. Staff of the Office of the PLA meet regularly with staff from Respect Inc to discuss topical matters and any issues of concern. The PLA consults with Respect Inc on relevant sex industry matters. In appropriate cases, the PLA refers sex workers to Respect Inc for assistance. The PLA has provided the organisation with fact sheets and brochures and the PLA has some Respect Inc resources at its office. The PLA is committed to ongoing engagement with Respect Inc in 2012-13.

To better familiarise sex workers with sexual health requirements at licensed brothels, during the year the PLA published a multilingual (English, Chinese, Korean, and Thai) fact sheet about the requirement not to work at a licensed brothel whilst knowingly infective with a sexually transmissible infection (STI) and the requirement that sex workers at licensed brothels must undergo regular (three-monthly) sexual health checks. This multilingual fact sheet is in addition to a comprehensive resource for

culturally and linguistically diverse (CALD) sex workers published by the Authority in the previous year.

In Touch, the Authority’s newsletter, was originally developed because, while we had contact and liaison with brothel licensees and approved managers through the compliance unit and through the application process, our communication with sex workers and the wider sex industry generally needed improvement. The publication is distributed to all licensed brothels for the general interest of workers in the industry, in addition to a wide and extensive range of other industry stakeholders. This year, *In Touch* has included articles on sexual health, details of the latest sex industry research, the obligations and responsibilities of licensees and managers, and sex trafficking, and other issues relevant to the sex industry.

Licensees and approved managers were sent a range of information throughout the year, including in respect of their obligations and responsibilities and the standards expected of them by the PLA.

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

Communicating with other key stakeholders

We met, as required, with our key stakeholders and have assisted other agencies to perform their functions with regard to prostitution issues. Table 11 shows the number of meetings we held with those key stakeholders. Meetings are just one way of measuring the Authority’s stakeholder engagement. Other more common forms of communication with stakeholders included telephone calls, emails, and letters.

Table 11: Key stakeholders attending meetings with the PLA 2010–11

Group	Number
Licensees and managers, applicants, potential applicants	14
QPS	8
Other government agencies	24
Respect Inc	4
Media	0
Ministerial	1
TOTAL	51

Feedback

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

- results of client and key stakeholder satisfaction surveys
- information requests received through the office administration
- information generated through audit and inspection processes
- feedback received through *In Touch* and the PLA website
- annual report feedback.

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

Inquiries

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

Supporting Our Business

Our people

The PLA recognises that its employees are an important asset and values the contribution of all staff members. Staff of the Office of the PLA are highly trained and skilled in the work that they undertake. They specialise in areas such as finance, administration, policy, research, audit and compliance processes. The Office of the PLA has a focus on client service and all staff embrace a professional approach to service delivery within a healthy and positive work environment.

The Office of the PLA's current complement of staff consists of eight full-time employees and one part-time employee (table 12). One female staff member in the AO7-AO8 category is transitioning into retirement and will retire during 2012-13.

Table 12: Full-time Office of the PLA staff

Staff category	Female	Male
SES2	1	
AO7-AO8	2	2
AO4-AO6	1	1
AO2-AO3	1	
TOTAL	5	3

There were no redundancies, retrenchments or early retirement schemes during 2011-12. The PLA did not opt into the Voluntary Separation Program.

During the year, the Office of the PLA had a permanent retention rate of 100 percent and a permanent separation rate of zero percent.

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

The PLA's success depends on building the capability of its workforce. In recognition of the benefit of relevant training, staff and management work together to identify appropriate development opportunities. This assists both individual career progress and strengthens the PLA's overall capability. The PLA encourages all staff to undertake relevant professional development and staff have participated in training programs throughout the year, including in respect of: accounting; ethics; investigator interview techniques; leadership and negotiation skills; and occupational health and safety.

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

There was no overseas travel undertaken by either members of the PLA or staff of the Office of the PLA in 2011-12.

Finance and administration

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

During 2011-12, finance and administration developed and reviewed several processes that influenced the PLA's outcomes. These included:

- reviewing the FAM and other policies and procedures to ensure the conduct of the financial, administrative and human resource activities of the PLA comply with whole-of-government legislation, policies and directives
- improving the efficiency of brothel licence and manager's certificate application processing
- reviewing the business management process and implementing integrated budgeting with operational planning
- continuing to improve the management of risk and the audit of service delivery through better practices
- streamlining in-house electronic filing systems to ensure adequate recording and security of information and documentation
- producing corporate information and documentation for distribution to the community, key stakeholders and the industry
- reviewing the Corporate Services Service Level Agreement (SLA) between the QPS and the PLA with the Shared Service Agency (SSA) and CorpTech. Services such as payroll, processing payments and SAP support are provided by the shared service providers.

Under the PLA's human resource management policies, ongoing development and implementation of the health and safety management system ensures that the PLA can provide a safe environment for employees, visitors and contractors alike. To support Office of the PLA staff, access is available to employee assistance services provided by the QPS. The office's recruitment practices ensure that its officers possess the skills and knowledge needed to continue to achieve its priorities, resulting in a sector free of the influence of organised crime and official corruption and brothels which provide the safest and healthiest environment for the practice of prostitution.

The Authority did not incur any expenditure on consultancies for 2011-12.

Information management

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

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

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

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

Priorities for 2012-13

During 2012-13, the PLA will seek to progress the following initiatives:

- engage with the Minister and other government agencies on refinements to the state's sex industry laws designed to combat illegal operators and enhance the scope of regulation
- contribute to any reviews or inquiries impacting on the PLA or the state's sex industry
- educate the community and stakeholders about issues to do with prostitution, including PLA expectations about industry compliance
- review best practice standards appropriate to the operations of licensed brothels and brothel licence conditions for relevancy and consistency
- continue to implement the PLA Retention and Disposal Schedule.

Financial Statements

2011 -12

Prostitution Licensing Authority Financial Statements 2011-2012

Contents

	Page No.
Statement of Comprehensive Income	41
Statement of Financial Position	42
Statement of Changes in Equity	43
Statement of Cash Flows	44
Notes To and Forming Part of the Financial Statements	45
Management Certificate	63

General Information

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

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

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

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

Level 3
5 Gardner Close
MILTON QLD 4034

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

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

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

PROSTITUTION LICENSING AUTHORITY
Statement of Comprehensive Income
for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
Income from Continuing Operations			
Revenue			
User charges and fees	2	753,826	561,565
Grants and other contributions	3	701,000	441,000
Other revenue	4	44,689	40,693
Total Income from Continuing Operations		1,499,515	1,043,258
Expenses from Continuing Operations			
Employee expenses	5	896,846	792,276
Supplies and services	7	198,663	285,572
Rental expenses		192,071	182,370
Depreciation and amortisation	8	12,270	5,559
Other expenses	9	60,241	73,886
Total Expenses from Continuing Operations		1,360,091	1,339,663
Operating Result from Continuing Operations		139,424	(296,405)
Other Comprehensive Income		-	-
Total Comprehensive Income		139,424	(296,405)

The accompanying notes form part of these statements.

PROSTITUTION LICENSING AUTHORITY
Statement of Financial Position
as at 30 June 2012

	Notes	2012 \$	2011 \$
Current Assets			
Cash and cash equivalents	10	846,973	677,640
Receivables	11	9,950	31,895
Other Assets	12	10,158	13,586
Total Current Assets		867,081	723,121
Non Current Assets			
Property, plant and equipment	13	85,697	97,967
Total Non Current Assets		85,697	97,967
Total Assets		952,778	821,088
Current Liabilities			
Payables	14	33,137	40,808
Accrued employee benefits	15	58,996	184,532
Provisions	16	75,000	60,000
Other Liabilities	17	229,525	161,272
Total Current Liabilities		396,658	446,612
Non Current Liabilities			
Accrued employee benefits	15	82,711	40,491
Total Non Current liabilities		82,711	40,491
Total Liabilities		479,369	487,103
Net Assets		473,409	333,985
Equity			
Accumulated surpluses		473,409	333,985
Total Equity		473,409	333,985

The accompanying notes form part of these statements.

PROSTITUTION LICENSING AUTHORITY
Statement of Changes in Equity
for the year ended 30 June 2012

	Accumulated Surplus
	\$
Balance as at 1 July 2010	630,390
Operating Result from Continuing Operations	(296,405)
Comprehensive Income	-
Balance as at 30 June 2011	<u><u>333,985</u></u>
	\$
Balance as at 1 July 2011	333,985
Operating Result from Continuing Operations	139,424
Comprehensive Income	-
Balance as at 30 June 2012	<u><u>473,409</u></u>

The accompanying notes form part of these statements.

PROSTITUTION LICENSING AUTHORITY
Statement of Cash Flows
for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
Cash flows from operating activities			
<i>Inflows:</i>			
User charges and fees		822,080	588,265
Grants and other contributions		701,000	441,000
GST input tax credits from ATO		39,951	54,015
GST collected from customers		-	6,336
Interest receipts		44,689	41,519
<i>Outflows:</i>			
Employee expenses		(981,580)	(674,222)
Supplies and services		(379,061)	(514,433)
GST paid to suppliers		(39,951)	(54,015)
GST remitted to ATO		(1,285)	(5,399)
Other		(59,740)	(64,204)
	18	<u>146,103</u>	<u>(181,138)</u>
Net cash provided by (used in) operating activities			
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		23,230	40,134
<i>Outflows:</i>			
Payments for property, plant and equipment		-	(92,763)
		<u>23,230</u>	<u>(52,629)</u>
Net cash provided by (used in) investing activities			
Net increase (decrease) in cash held		169,333	(233,767)
Cash at beginning of financial year		677,640	911,407
	10	<u>846,973</u>	<u>677,640</u>
Cash and cash equivalents at end of financial year			

The accompanying notes form part of these statements.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

Objectives and Principal Activities of the Prostitution Licensing Authority

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

During 2011-12, the PLA was funded through a non-reciprocal government contribution and provides the following on a fee for service basis:

- Issues brothel licences and managers' certificates
- Other administration services for licensees and managers

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

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

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Treasury's Minimum Reporting Requirements for the year ending 30 June 2012, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Prostitution Licensing Authority has applied those requirements applicable to not-for-profit entities, as the Prostitution Licensing Authority is a not-for-profit Authority. Except where stated, the historical cost convention is used.

(b) The Reporting Entity

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

(c) User Charges, Penalties and Fines

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

The PLA does not collect administered revenue.

(d) Grants and Contributions

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

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

(e) Cash and Cash Equivalents

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

(f) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement on these amounts is generally required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. The PLA did not have any bad debts at 30 June 2012.

The PLA does not have other debtors.

(g) Acquisition of Assets

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

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

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

(h) Property, Plant and Equipment

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

Plant and equipment	\$5,000
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Items with a lesser value are expensed in the year of acquisition.

(i) Revaluations of Non-Current Physical Assets

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

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

(j) Depreciation of Property, Plant and Equipment

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

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

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

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

(j) Depreciation of Property, Plant and Equipment (cont'd)

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

Class	Rate %
Plant and equipment	10-33.3%

(k) Leases

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

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

The PLA held no finance leases at 30 June 2012.

(l) Payables

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

(m) Financial Instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

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

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

All other disclosures relating to the measurement basis and financial risk management of other financial instruments held by the PLA are included in Note 21.

(n) Employee Benefits

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

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, Salaries, Annual Leave and Sick Leave

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

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

(n) Employee Benefits (cont'd)

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

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

Annual Leave

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments, commercialised business units and shared service providers. Under this scheme, a levy is made on the department to cover the cost of employees' annual leave. (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

From 1 July 2008, no provision for annual leave will be recognised in the financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Long Service Leave

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

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

Superannuation

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

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting .

Key Executive management personnel and remuneration

Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to note 6 for the disclosures on key executive management personnel and remuneration.

(o) Provisions

Provisions are recorded when the PLA has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

(p) Insurance

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

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

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

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

(r) Contributed Equity

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

(s) Taxation

The PLA is a State body as defined under the Income Tax Assessment Act 1936 and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the PLA. GST credits receivable from, and GST payable to the ATO, are recognised (refer to note 11).

(t) Issuance of Financial Statements

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

(u) Judgements and Assumptions

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

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

The Australian government passed its Clean Energy Act in November 2011 with a start date of 1 July 2012. The legislation will result in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012

The flexible market-based price phase of the carbon pricing mechanism will commence on 1 July 2015. It will be preceded by a three-year period during which the price of permits will be fixed at \$23 per tonne or carbon dioxide equivalent in year one, \$24.15 in year two and \$25.40 in year three.

Section 4.3.4 of Queensland Treasury's report on 'Carbon Price Impacts for Queensland' dated August 2011 indicates that, for non-residential construction activities, costs may increase by between 0.7 per cent and 0.8 per cent over the period 2012-13 to 2015-16.

On this basis and other information available, the introduction of the carbon pricing mechanism is not expected to have a significant impact on The PLA's critical accounting estimates, assumptions and management judgements.

(v) Rounding and Comparatives

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

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

(w) New and Revised Accounting Standards

The PLA did not voluntarily change any of its accounting policies during 2011-2012. Those new and amended Australian accounting standards that were applicable for the first time in the 2011-2012 financial year and that had a significant impact on the PLA's financial statements are as follows:

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] became effective from reporting periods beginning on or after 1 January 2011. Given the PLA existing financial instruments, there was only a minor impact on the department's financial instruments note (note 21), in relation to disclosures about credit risk. That note no longer needs to disclose amounts that best represent the maximum exposure to credit risk where the carrying amount of the instruments already reflects this. As this was the case with all the department's receivables as at 30 June 2012 (and as at 30 June 2011), receivables are not included in the credit risk disclosure in this year's financial statements.

(w) New and Revised Accounting Standards (cont'd)

As the PLA held no collateral or other credit enhancements in respect of its financial instruments, and did not renegotiate the terms of any financial assets, during the reporting periods presented in these financial statements, there were no other changes required to the PLA's financial instruments note arising from the amendments to AASB 7 Financial Instruments: Disclosures .

AASB 1054 Australian Additional Disclosures became effective from reporting periods beginning on or after 1 July 2011. Given the PLA's previous disclosure practices, AASB 1054 had minimal impact on the PLA. One of the footnotes to note 9 Other Expenses, regarding audit fees, has been slightly amended to identify the department's auditor and clarify the nature of the work performed by the auditor.

AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113] also became effective from reporting periods beginning on or after 1 July 2011. The only potential implication for the PLA from this amending standard was the deletion from AASB 101 Presentation of Financial Statements of the requirement for disclosure of commitments. However, Treasury Department's Financial Reporting Requirements require continuation of commitments disclosures, so this deletion from AASB 101 has no impact on the PLA's commitments note (note 19).

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

At the date of authorisation of the financial report, there were no new or amended Australian accounting standards with future commencement dates may have a material impact on the PLA.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] applies as from reporting periods beginning on or after 1 July 2012. The only impact for the PLA will be that, in the Statement of Comprehensive Income, items within the "Other Comprehensive Income" section will need to be presented in different sub-sections, according to whether or not they are subsequently re-classifiable to the operating result. Whether subsequent re-classification is possible depends on the requirements or criteria in the accounting standard/interpretation that relates to the item concerned.

AASB 13 Fair Value Measurement applies from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of "fair value", as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the Sunshine Department's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The potential impacts of AASB 13 relate to the fair value measurement methodologies used, and financial statement disclosures made in respect of, such assets and liabilities.

The PLA has commenced reviewing its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13. To the extent that the methodologies don't comply, changes will be necessary. While the PLA is yet to complete this review, no significant changes are anticipated, based on the fair value methodologies presently used. Therefore, at this stage, no consequential material impacts are expected for the PLA's property, plant and equipment as from 2013-14.

AASB 13 will require an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not "observable" outside the PLA, the amount of information to be disclosed will be relatively greater.

AASB 9 Financial Instruments (December 2010) and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] become effective from reporting periods beginning on or after 1 January 2013. The main impacts of these standards on the PLA are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met.

(w) New and Revised Accounting Standards (cont'd)

One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The PLA has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the PLA's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the PLA enters into, it is not expected that any of the PLA's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2013-14 financial statements, all of the PLA's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in notes 1(m) and 21). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the PLA's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

The most significant impact of the new measurement requirements is that the "held to maturity" investment will need to be measured at fair value. It is anticipated that the new measurement and reporting requirements to have no material impact on the PLA based that the PLA has no "held to maturity" investments.

A revised version of AASB 119 Employee Benefits applies from reporting periods beginning on or after 1 January 2013. The revised AASB 119 is generally to be applied retrospectively. Given the PLA's circumstances, the only implications for the department are that the revised standard clarifies the concept of "termination benefits", and the recognition criteria for liabilities for termination benefits will be different. If termination benefits meet the timeframe criterion for "short-term employee benefits", they will be measured according to the AASB 119 requirements for "short-term employee benefits". Otherwise, termination benefits will need to be measured according to the AASB 119 requirements for "other long-term employee benefits". Under the revised standard, the recognition and measurement of employer obligations for "other long-term employee benefits" will need to be accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 includes changed criteria for accounting for employee benefits as "short-term employee benefits". However, as the PLA is a member of the Queensland Government central schemes for long service leave, this change in criterion has a minimal impact on the PLA's financial statements, as the employer liability for long service leave is held by the central scheme. The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. The PLA only contributes to the QSuper defined benefit plan, and the corresponding QSuper employer benefit obligation is held by the State. Therefore, those changes to AASB 119 will have no impact on the department.

AASB 1053 Application of Tiers of Australian Accounting Standards applies as from reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements – Australian Accounting Standards (commonly referred to as "tier 1"), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as "tier 2"). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the tier 1 and tier 2 requirements is that tier 2 requires fewer disclosures than tier 1.

Details of which disclosures in standards and interpretations are not required under tier 2 reporting are set out in amending standards AASB 2010-2, AASB 2011-2, AASB 2011-6 and AASB 2011-11 (which also apply from reporting periods beginning on or after 1 July 2013). However, Treasury Department's Financial Reporting Requirements effectively do not allow application of AASB 2011-6 in respect of controlled entities, associates or interests in jointly controlled entities.

Pursuant to AASB 1053, public sector entities like the PLA may adopt tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the tier 1 requirements. In the case of the PLA, Treasury Department is the regulator. Treasury Department has advised that its policy decision is to require adoption of tier 1 reporting by all Queensland Government departments and statutory bodies (including the PLA) that are consolidated into the whole-of-Government financial statements. Treasury's policy also prohibits the early adoption of the arrangements outlined in AASB 1053 and its accompanying amending standards. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the PLA.

PROSTITUTION LICENSING AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

(w) New and Revised Accounting Standards (cont'd)

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

	2012	2011
	\$	\$
2. User charges and fees		
Fees for licences	546,187	373,947
Fees for licence applications	134,834	114,926
Fees for certificates	4,596	4,119
Fees for certificate applications	66,336	66,708
Other fees	1,873	1,865
Total	753,826	561,565
3. Grants and Other Contributions		
Government operating grant	701,000	441,000
	701,000	441,000
4. Other Revenue		
Interest	44,689	40,693
Total	44,689	40,693
5. Employee Expenses		
Employee Benefits		
Wages and salaries	767,194	671,926
Annual leave expenses*	8,023	17,743
Employer superannuation contributions *	91,708	79,624
Long service leave levy *	16,867	13,976
Other employee benefits	10,391	7,247
Total	894,183	790,516
Employee Related Expenses		
Workers' compensation premium *	2,663	1,760
Total Employee Expenses	896,846	792,276

*Refer to Note 1(n)

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

	2012	2011
Number of Employees:	9	9

**PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12**

6. Key Executive management personnel and remuneration

a) Key Executive Management Personnel

The following details for key executive management personnel include the position that had authority and responsibility for planning, directing and controlling the activities of the agency during 2011-2012. Further information on this position can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current Incumbents*	
		appointment Authority	to position
Executive Director	The Executive Director is responsible for the efficient, effective and economic administration of the agency.	SES 2, Prostitution Act 1999	Appointed 18 June 2009

b) Remuneration

The Prostitution Licensing Authority executive remuneration, allowances and entitlements are equivalent to the remuneration, allowances and entitlements of a senior executive employed under the Public Service Act 2008.

For the 2011-12 year, remuneration of key executive management personnel increased in accordance with government policy.

Remuneration packages for key executive management personnel comprise the following components:-

Short term employee benefits which include:

- Base - consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
- Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

Long term employee benefits include long service leave accrued.

Post employment benefits include superannuation contributions.

The director is appointed for an one year period ending on the 18 June 2013 and there is no director's contract in place.

A performance based bonus is not applicable to the organisation.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary

1 July 2011– 30 June 2012

Position	Short Term Employee Benefits		Long Term Employee Benefits \$	Post Employment Benefits \$	Termination Benefits \$	Total Remuneration \$
	Base \$*	Non-Monetary Benefits \$				
Executive Director	156,502	6,099	4,339	16,122	-	183,061
Total Remuneration	156,502	6,099	4,339	16,122	-	183,061

1 July 2010– 30 June 2011

Position	Short Term Employee Benefits		Long Term Employee Benefits \$	Post Employment Benefits \$	Termination Benefits \$	Total Remuneration \$
	Base \$*	Non-Monetary Benefits \$				
Executive Director	171,257	6,450	6,374	16,110	-	200,191
Total Remuneration	171,257	6,450	6,374	16,110	-	200,191

*Sick leave and cash paid allowances are part of short term employee benefits

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

c) Performance Payments Remuneration

There were no performance bonuses paid or payable in the 2011-12 or the 2010-11 financial year.

	2012	2011
	\$	\$
7. Supplies and Services		
Contractors	13,591	23,151
Supplies and consumables	39,048	51,261
Travel	16,194	14,774
Repairs and maintenance	24,219	21,772
Communications	14,161	14,976
Department of Police corporate service charges	25,974	25,517
Public utilities	9,901	13,839
Legal services	32,533	90,401
Investigations and Searches	11,099	16,638
Other Services	11,943	13,243
Total	198,663	285,572
8. Depreciation		
Depreciation was incurred in respect of:		
Plant and equipment	12,270	5,559
Total	12,270	5,559
9. Other Expenses		
Insurance premiums	3,387	5,433
Auditor's remuneration - external audit services*	13,524	13,100
Chairman and Members' fees#	43,053	45,443
Losses from disposal of property, plant and equipment	-	9,182
Other expenses	277	728
Total	60,241	73,886

*Total external audit fees relating to the 2011-12 financial year are estimated to be \$13,500 (2011: \$13,000). There are no non-audit services included in this amount.

Refer to note 22

PROSTITUTION LICENSING AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

	2012	2011
	\$	\$
10. Cash and Cash Equivalents		
Imprest account	101	101
Cash at bank	846,872	677,539
Total	846,973	677,640

Interest earned on cash held with the Commonwealth Bank earned between 3.35% and 4.6% in 2012 (2011: 4.35% to 4.6%).

11. Receivables

Current

Trade debtors	-	-
GST receivable	7,384	6,099
Interest receivable	2,566	2,566
LSL claim receivable	-	-
Other receivables	-	23,230
Total	9,950	31,895

12. Other Current Assets

Prepayments	10,158	13,586
Total	10,158	13,586

13. Property, Plant and Equipment

Plant and equipment		
At cost	292,268	292,268
Less: Accumulated depreciation	(206,571)	(194,301)
Total	85,697	97,967

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

PROSTITUTION LICENSING AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

	2012	2011
	\$	\$
Property, Plant and Equipment Reconciliation		
Carrying amount at 1 July	97,967	83,309
Acquisitions	-	92,762
Disposals	-	(72,545)
Depreciation	(12,270)	(5,559)
Carrying amount at 30 June	85,697	97,967

14. Payables

Current		
Trade creditors and accruals	33,137	40,808
Total	33,137	40,808

15. Accrued Employee Benefits

Current		
Recreation leave	50,518	84,716
Wages outstanding	5,928	86,658
Long service leave levy payable	-	1,735
Superannuation	-	10,005
Other employee expenses	2,550	1,418
Total	58,996	184,532
Non-Current		
Recreation leave	82,711	40,491
Total	82,711	40,491

The discount rates used to calculate the present value of non-current recreation leave are 2.46% and 2.42% (2011: 4.74% and 4.76%).

16. Provisions

Legal cost provision	75,000	60,000
Total	75,000	60,000
Movement in provisions		
Balance at 1 July	60,000	-
Additional provision recognised	15,000	60,000
Reductions in provision as a result of payment	-	-
Balance at 30 June	75,000	60,000

On 23 June 2010 the Court of Appeal delivered its judgement on an appeal made by the PLA on their original decision to suspend a brothel licence. The judgement was adverse to the PLA with the appeal dismissed with costs. This provision is for the legal fees of the respondent.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

	2012	2011
	\$	\$
17. Other Current Liabilities		
Fees received in advance *		
Fees for licences received in advance	227,347	159,761
Fees for certificates received in advance	2,178	1,511
Total	<u>229,525</u>	<u>161,272</u>

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

18. Reconciliation of Operating Surplus to Net Cash

Operating surplus/(deficit)	139,424	(296,405)
Depreciation	12,270	5,559
Change in assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	(1,285)	937
(Increase)/decrease in other receivables	-	826
(Increase)/decrease in prepayments	3,428	(4,222)
(Increase)/decrease in LSL receivable	-	-
(Increase)/decrease in provisions	15,000	60,000
Increase/(decrease) in fees received in advance	68,253	26,701
Increase/(decrease) in other payables and accruals	-	-
Increase/(decrease) in payables and accruals	(7,671)	(99,254)
Increase/(decrease) in accrued employee benefits	(83,316)	115,538
Increase/(decrease) in unearned grant revenue	-	-
Net cash from operating activities	<u>146,103</u>	<u>(181,138)</u>

PROSTITUTION LICENSING AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

19. Commitments for Expenditure	2012	2011
	\$	\$
(a) Non-Cancellable Operating Lease		
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:		
Not later than one year	217,536	209,673
Later than one year and not later than five years*	210,824	425,608
Later than five years	-	-
Total commitments	428,360	635,281

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

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

*The operating tenancy lease will expire on 9 June 2014.

(b) Capital Expenditure Commitments	2012	2011
	\$	\$
Material plant and equipment expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:		
Not later than one year	81,506	-
Later than one year and not later than five years*	-	-
Later than five years	-	-
Total	81,506	-

(c) Other Expenditure Commitments

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

Not later than one year	10,939	1,080
Later than one year and not later than five years*	8,003	-
Later than five years	-	-
Total	18,942	1,080

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

20. Contingencies

(a) Litigation in progress

On 23 June 2010 the Court of Appeal delivered its judgement on an appeal made by the PLA on their original decision to suspend a brothel licence. The judgement was adverse to the PLA with the appeal dismissed with costs. At this point of time the PLA is in the process of negotiation of the final settlement cost.

(b) Financial Guarantees

The PLA had provided no guarantees at 30 June 2012

21. Financial Instruments

(a) Categorisation of Financial Instruments

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

Category	Note	2012 \$	2011 \$
Financial Assets			
Cash and cash equivalents	10	846,973	677,640
Receivables	11	9,950	31,895
Total		856,923	709,535
Financial Liabilities			
Payables	14	33,137	40,808
Total		33,137	40,808

(b) Financial Risk Management

PLA's activities expose it to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk.

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

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

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

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

(c) Credit Risk Exposure

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

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

PROSTITUTION LICENSING AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

21. Financial Instruments (cont'd)

Maximum Exposure to Credit Risk

Financial Assets	Note	2012	2011
		\$	\$
Cash	10	846,973	677,640
Receivables	11	9,950	31,895
Total		856,923	709,535

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

The PLA manages credit risk through the use of the credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the PLA invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

All receivables are due within 30 days. No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

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

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

(d) Liquidity Risk

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

The PLA manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the PLA has sufficient funds available to meet employee, supplier and other obligations as they fall due. This is achieved by ensuring that sufficient levels of cash are held within the bank account so as to match the expected duration of the various employee liabilities, supplier liabilities and fees received in advance for brothel licences and managers' certificates.

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

Financial Liabilities	Note	2012 Payables in			
		<1 year	1-5 years	>5 years	Total
		\$	\$	\$	\$
Payables	14	33,137	-	-	33,137
		33,137			33,137

Financial Liabilities	Note	2011 Payables in			
		<1 year	1-5 years	>5 years	Total
		\$	\$	\$	\$
Payables	14	40,808	-	-	40,808
		40,808			40,808

**PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12**

21. Financial Instruments (cont'd)

(e) Market Risk

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

(f) Interest Rate Sensitivity Analysis

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

Financial instruments	Carry amount \$	2012 Interest rate risk			
		-1%		+1%	
		Profit \$	Equity	Profit \$	Equity
Cash	846,973	(8,470)	(8,470)	8,470	8,470
Overall effect on profit and equity		(8,470)	(8,470)	8,470	8,470

Financial instruments	Carry amount \$	2011 Interest rate risk			
		-1%		+1%	
		Profit \$	Equity	Profit \$	Equity
Cash	677,640	(6,776)	(6,776)	6,776	6,776
Overall effect on profit and equity		(6,776)	(6,776)	6,776	6,776

(g) Fair Value

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

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

22. Remuneration of Board Members

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

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

	2012	2011
Nil	7	5
\$1 - \$10,000	3	5
\$30,001 - \$40,000	1	1

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

	\$	\$
Manus Boyce - Chairman	36,600	36,600
Ms A Murphy	2,390	2,629
Ms C Jones	2,151	239
Ms L Palmen AM	1,912	2,390
Mr L Pollard	-	1,912
Ms A Bennison OAM	-	1,673
Ms C Mc Kenzie	-	-
Ms Kathleen Florian	-	-
Dr D Rowling	-	-
Mr J Callinan (Crime and Misconduct Commission)	-	-
P Barron (QPS) Assistant Commissioner	-	-
Total remuneration	43,053	45,443

Appointed dates

Ms C Jones was appointed to the PLA in May 2011
 Ms L Palmen AM was appointed to the PLA in May 2010
 Ms C Mc Kenzie was appointed to the PLA in November 2011
 Ms Kathleen Florian was appointed to the PLA in February 2012

Retired dates

Mr L Pollard retired in April 2011
 Ms A Bennison OAM retired in April 2011
 Mr J Callinan (Crime and Misconduct Commission) retired in November 2011

23 Subsequent Events Note

No Subsequent events

CERTIFICATE OF THE PROSTITUTION LICENSING AUTHORITY

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

- (a) the prescribed requirements for the establishing and keeping of the accounts have been complied with in all material respects; and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Prostitution Licensing Authority for the financial year ended 30 June 2012 and of the financial position of the PLA at the end of that year.



MARGARET ISAAC
Executive Director

Date 27 August 2012



MANUS BOYCE
Chairman

Date 27 AUGUST 2012

INDEPENDENT AUDITOR'S REPORT

To the Board of the Prostitution Licensing Authority

Report on the Financial Report

I have audited the accompanying financial report of the Prostitution Licensing Authority, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairman and Executive Director.

The Board's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

In accordance with s.40 of the *Auditor-General Act 2009*:

- (a) I have received all the information and explanations which I have required
- (b) in my opinion:
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Prostitution Licensing Authority for the financial year 1 July 2011 to 30 June 2012 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of the Prostitution Licensing Authority for the year ended 30 June 2012. Where the financial report is included on the Prostitution Licensing Authority's website the Board is responsible for the integrity of the Prostitution Licensing Authority's website and I have not been engaged to report on the integrity of the Prostitution Licensing Authority's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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



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



Queensland Audit Office
Brisbane

Contact Information

Prostitution Licensing Authority

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A copy of the Act and related amendments can be downloaded from the Queensland Legislation website – www.legislation.qld.gov.au.

