

ANNUAL REPORT 2016–2017



Communication Objectives of this Report

The Prostitution Licensing Authority (PLA) Annual Report has been prepared to provide readers with a concise summary of the Authority's activities and performance during the 2016-17 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.

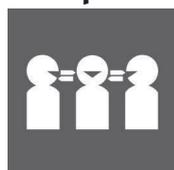
The communication objectives of this report are to:

- 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 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



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

Have your say

We hope you find our Annual Report 2016-17 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.

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Letter of compliance

22 August 2017

The Honourable Yvette D'Ath MP
Attorney-General and Minister for Justice and
Minister for Training and Skills
1 William Street
Brisbane Qld 4000



**Prostitution
Licensing Authority**

Dear Attorney-General

I am pleased to submit for presentation to the Parliament the Annual Report 2016-2017 and financial statements for the Prostitution Licensing Authority.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be found at page 65 of this annual report.

Yours sincerely



Paul Tully
**Acting Chairperson
Prostitution Licensing Authority**

Glossary

Attorney-General Authority	Attorney-General and Minister for Justice and Minister for Training and Skills Prostitution Licensing Authority	PIM PINs	Probity Investigation Manual Penalty infringement notices
CALD	Culturally and linguistically diverse	PLA	Prostitution Licensing Authority
CCC	Crime and Corruption Commission	QPS	Queensland Police Service
FAM	Finance and Administration Manual	the Act	<i>Prostitution Act 1999</i> (unless otherwise indicated)
IT	Information technology		

Message from the Executive Director

I commence by acknowledging the former Chairperson of the Prostitution Licensing Authority, Mr Marshall Irwin. He was appointed as Chairperson on 14 November 2014 and resigned the position on 17 March 2017. The office of Chairperson has remained vacant for the remainder of the year. Mr Irwin came to the PLA with a long and distinguished career in the criminal justice system, including 11 years on the judiciary. As Chairperson, he had a keen interest in ensuring that only suitable persons may operate or manage a licensed brothel and in ensuring the highest degree of regulatory compliance in the public interest. Mr Irwin will continue to serve the people of Queensland as an Ordinary Commissioner of the Crime and Corruption Commission.

The Prostitution Licensing Authority (PLA) is a licensing and regulatory authority established by the *Prostitution Act 1999*. Two critical functions of the PLA are to decide applications for brothel licences and approved manager's certificates and monitoring the provision of prostitution through licensed brothels. These functions are integral to ensuring a licensed brothel sector that is free of the influence of organised crime and corruption and that promotes the health and safety of sex workers and clients.

During 2016-17, the PLA maintained its high standard of regulation by comprehensive vetting of applicants for brothel licences and approved manager's certificates so that only suitable persons may influence the operations of brothels. Two brothel licence applications were refused during the year because the applicants were found not suitable under the relevant criteria of the Prostitution Act. The PLA continued to rigorously scrutinise the operations of licensed brothels at audits and inspections by its compliance officers. Brothel licensees are generally diligent in complying with their regulatory obligations and in rectifying any identified non-conformances, so that the State's brothels operate to a high standard. 170 compliance activities were undertaken throughout the year and 48 corrective actions were required. It is pleasing that this represents an improvement on the previous year. The commitment of licensees to upholding high standards at brothels has meant that the PLA has rarely held disciplinary inquiries. This year, the PLA held two disciplinary inquiries, one in respect of a brothel licensee and another in respect of an approved manager. The disciplinary inquiry in respect of the approved manager resulted in disciplinary action being taken, which involved the cancellation of that person's certificate so that they are no longer eligible to manage a licensed brothel.

The Authority can be rightly proud that in its 17-year history, careful scrutiny of applicants and close monitoring of the operations of licensed brothels has ensured that there has been no confirmed instance of the infiltration of organised crime, or the incidence of official corruption, or of human trafficking for the purpose of sexual servitude at any of the state's licensed brothels. Licensed brothels provide a safe and healthy environment for the conduct of prostitution, with the PLA promoting high standards of health and safety and prioritising the autonomy and freedom of choice of sex workers. During the year, the Authority recorded no evidence, nor received any substantiated complaints, of any abuse of human rights, sex worker coercion or adverse impact on community amenity by any licensed brothel.

Licensed brothel numbers peaked at 27 in 2014-15. The licensed sector stabilised in 2016-17, after a contraction the previous year. Whilst five brothels closed in 2015-16, with one subsequently reopening, only one brothel closed during 2016-17. Accordingly, the year closed with 21 licensed brothels in operation in Queensland. The size of the sector directly impacts the PLA budget because user fees, in the form of fees from brothel licences and approved manager's certificates, constitute a significant proportion of the agency's total budget.

The work of the Office of the PLA is critical to the proper functioning of the Authority. I take the opportunity to 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 efficiently and effectively fulfil its statutory 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 the PLA to educate the community and sex workers about issues to do with prostitution
- communicating with stakeholders
- arranging meetings of the PLA and taking minutes
- provision of advice and recommendations to the PLA
- provision of briefs and minutes and other advice to the Attorney-General
- responding to queries and correspondence
- taking and investigating complaints about the operations of licensed brothels
- liaising with other government agencies
- managing the finances of the PLA
- developing and implementing policies, procedures, and plans, and meeting statutory reporting requirements
- conducting surveillance of advertisements for prostitution and for social escorts advertising.

In 2017-18, the PLA continues to be well-placed to administer an efficient and effective brothel licensing and regulatory framework that achieves the objectives of the Prostitution Act and meets the expectations of the community.

I place on record the PLA's appreciation of the support given to it by the Attorney-General and Minister for Justice and Minister for Training and Skills, the Hon Yvette D'Ath MP, and her staff. I also recognise and value the assistance of various government agencies that have so professionally supported and enhanced the work of the PLA. I extend my thanks to the members of the PLA who each bring a range of knowledge and experience to their position, and whose wisdom and counsel is invaluable.

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 statutory requirements and in the community interest.

Our Values

Respect
Integrity
Health and safety
Impartiality
Responsiveness

The PLA will strive to:

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

Our Operating Principles

The PLA acts in the public interest.

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

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

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

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

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

Our Purpose

To regulate prostitution in Queensland by administering the *Prostitution Act 1999* and the *Prostitution Regulation 2014*.

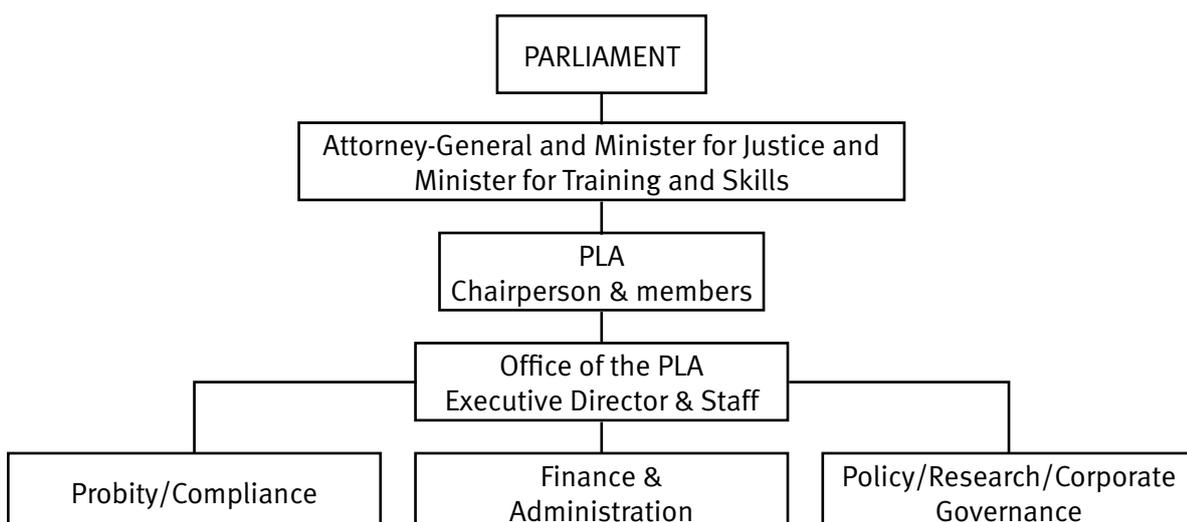
Contribution to Government objectives for the community

The PLA contributes to the Queensland Government’s objectives for the community, particularly promoting integrity and accountability and building safe, caring and connected communities. The Authority contributes to these objectives by: ensuring an effective and efficient brothel licensing framework that operates in accordance with statutory requirements and community expectations; promoting the health and safety of sex workers and clients; limiting the impact of prostitution on the community; and providing a barrier to the infiltration of organised crime and official corruption in licensed brothels. The probity, compliance, and educative functions of the PLA are critical 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 nine full-time equivalent employees, employed under the *Public Service Act 2008*. There are currently 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 Attorney-General and Minister for Justice and Minister for Training and Skills, the Hon Yvette D’Ath MP, and to the Parliament of Queensland.

Figure 1: PLA organisational structure



The Prostitution Licensing Authority

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

- the Chairperson – an independent and appropriately qualified member of the community nominated by the Premier
- the Commissioner of Police, or a police officer of at least the rank of Superintendent nominated by the Commissioner
- the Chairperson, or the Senior Executive Officer (Crime) of the Crime and Corruption Commission (CCC)
- a health practitioner, with at least five years experience in the profession
- a lawyer who has been admitted for at least five years and has knowledge of or experience in administrative law, company law or criminal law
- a person who represents local government
- two persons who represent community interests.

Role of the Prostitution Licensing Authority

As well as deciding applications for brothel licences and approved manager's certificates, the PLA is responsible for:

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

Current membership

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

Mr Marshall Irwin, Chairperson (resigned 17 March 2017)

Mr Marshall Irwin was appointed as Chairperson of the PLA for a term of five years from 14 November 2014, pursuant to s. 102(1)(a) of the Prostitution Act. He resigned from the office on 17 March 2017. The vacancy had not been filled by year end. Mr Irwin was admitted as a Barrister to the Supreme Court of Queensland in 1976. He served as a Crown Prosecutor for Queensland from 1978 until his appointment as Deputy Director of Prosecutions for Queensland, a position he held from 1985 until the end of 1987. Mr Irwin moved to the National Crime Authority in Melbourne where he served as a Legal Adviser and led a multi-disciplinary investigation team throughout 1988

and 1989. At the end of 1989, he returned to Brisbane to serve as the last Counsel Assisting the Fitzgerald Inquiry and the first General Counsel to the newly-established Criminal Justice Commission where he remained until 1994 when he entered private practice and acted as counsel for defendants as well as for the prosecution. In 1998, Mr Irwin was appointed as a Statutory Member of the National Crime Authority for a four-year term. In this role he was part of the three-person board which directed the policy and strategic operation of the Authority in investigating organised crime throughout Australia at both State and Federal levels. After returning to private practice for a short period, he was appointed as a District Court Judge in 2003 and retired in January 2014. Between 2003 and 2008, he was Queensland's Chief Magistrate. Between 2008 and 2014, Mr Irwin was based in Brisbane and circuted to District Courts throughout remote and regional Queensland. Mr Irwin has been active in the International Society for the Reform of the Criminal Law from which he received the Society Medal in 2013 to recognise his contribution to its goals. He has also been active in Law Asia which promotes rule of law in developing Asian and Pacific countries. Since he retired from the District Court, Mr Irwin has maintained his involvement with these two organisations and has also been active locally in social justice initiatives in a voluntary capacity, including lecturing in a range of forensic topics. He was also appointed as an acting Ordinary Commissioner of the Crime and Corruption Commission for three months from 1 December 2015, and was appointed as an Ordinary Commissioner of that agency for five years from 1 March 2016.

Assistant Commissioner Paul Stewart APM

Assistant Commissioner Paul Stewart APM has been appointed to the PLA pursuant to s. 102(1)(b) of the Prostitution Act as a police officer of at least the rank of Superintendent nominated by the Commissioner. His term of appointment is for five years from 18 September 2015. He joined the Queensland Police Service (QPS) in 1982 and is currently Assistant Commissioner of People Capability Command, responsible for all QPS training. He has previously been Assistant Commissioner of Community Contact Command and Assistant Commissioner of Information and Communications Technology. His background within the QPS is in the forensic science field, working throughout the State as a scientific officer and culminating in his role as the Superintendent, Forensic Services Branch from 2000 to 2007, involved in many major criminal investigations. Assistant Commissioner Stewart has a Bachelor of Science degree from Griffith University and has also been awarded a Master of Technology Management. He is a Director on the Boards of the Queensland Police Citizen's Youth Welfare Association and Crime Stoppers Australia. He is a recipient of the Australian Police Medal, National Police Medal, National Medal and the Queensland Police Medal.

Ms Kathleen Florian

Ms Kathleen Florian is the Executive Director, Crime, of the CCC. Ms Florian has been appointed to the PLA by virtue of this position, pursuant to s. 102(1)(c) of the Prostitution Act. Ms Florian was first appointed to the PLA on 2 February 2012. Her current term of appointment is for five years from 9 December 2016. She joined the CCC in January 2012. 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 pursuant to s. 102(1)(d) of the Prostitution Act as a health practitioner. Her current term of appointment is for five years from 22 November 2015. Dr Rowling is a Public Health and Sexual Health Physician. She is currently a Senior Medical Officer with the Brisbane Sexual Health and HIV Service and is a former Medical Director of Family Planning Queensland. Dr Rowling has held community health positions in the Northern Territory and regional Queensland with a focus on indigenous health issues.

Mr Paul Tully

Mr Paul Tully has been appointed to the PLA as a lawyer, pursuant to s. 102(1)(e) of the Prostitution Act. His appointment commenced on 3 October 2014 for a term of three years. Mr Tully is the Chief Executive Officer and Principal – Litigation at McInnes Wilson Lawyers. He was admitted as a solicitor of the Supreme Court of Queensland in July 1987 and made a partner of McInnes Wilson in May 1989. He is now the Practice Chairman. For the majority of his professional career, Mr Tully has practised in the area of litigation. As one of the firm's specialist litigation partners, he has developed a successful commercial litigation practice. Mr Tully is principally involved in assisting with commercial transactions, commercial disputes and commercial litigation. He has been a board member of the Qld Law Society for the past five years and is a member of its Audit and Risk Committee. He is also a board member of Lexon, the professional indemnity insurer of solicitors in Queensland and sits on the Claims Committee. Mr Tully is Founding Director of the Brain Injury Association and Chairman of the Queensland Rugby Union Judicial Committee.

Ms Margaret Grummitt

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

Ms Lynette Palmen AM

Ms Lynette Palmen AM has been appointed to the PLA as a community representative, pursuant to s. 102(1)(g) of the Prostitution Act for a term of three years commencing from 3 October 2014. This is her third stint as a member of the PLA. She was first appointed in June 2004 but resigned in August 2006. She was reappointed in June 2010 and served until May 2014. After spending many years in the financial and investment industry, Ms Palmen founded Women's Network Australia in 1990. She is the Managing Director of the organisation. Women's Network Australia has a membership of more than 15,000 and benefits over 40,000 women annually. It provides a network of business and personal contacts for women in the small business sector, the professions, corporate and the public sector. As well as providing member activities and benefits, Women's Network Australia provides educational services such as courses, seminars, workshops and consulting services. In 2004, Ms Palmen received an Order of Australia AM for service to the community, particularly through promoting public awareness of existing and emerging issues affecting women, and in providing expertise to a range of charitable and not-for-profit organisations.

Ms Frances de la Cuesta Hunt

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

Meetings

The PLA held 8 meetings in 2016-17. The last meeting of the year was held on 6 March 2017. Due to the vacancy in the office of Chairperson, the PLA was not able to meet for the remainder of the year. Details of individual member attendance at these meetings may be found at Appendix 1.

Remuneration

The Chairperson and members of the PLA were collectively paid \$32,789 during 2016-17, as determined by the Governor-in-Council. This payment represents the annual remuneration to the Chairperson 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. Details of the remuneration paid to each member are at Appendix 1.

Our Performance

Financial performance summary

Statement of Comprehensive Income

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

Revenues of the Authority are sourced primarily from fees for brothel licences and approved manager’s certificates. The other major source of funds includes a Government grant received through an administered appropriation from the Department of Justice and Attorney-General. The decrease in fees revenue was mainly due to the timing of the lodgement of brothel licence applications and the reduction in brothel numbers during the course of the year.

Figure 2

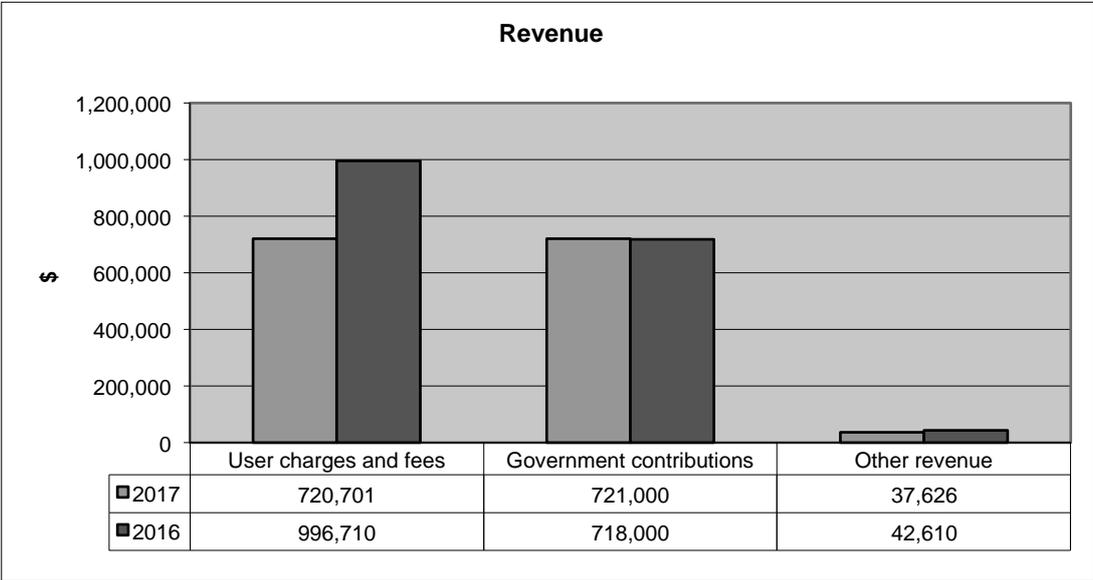
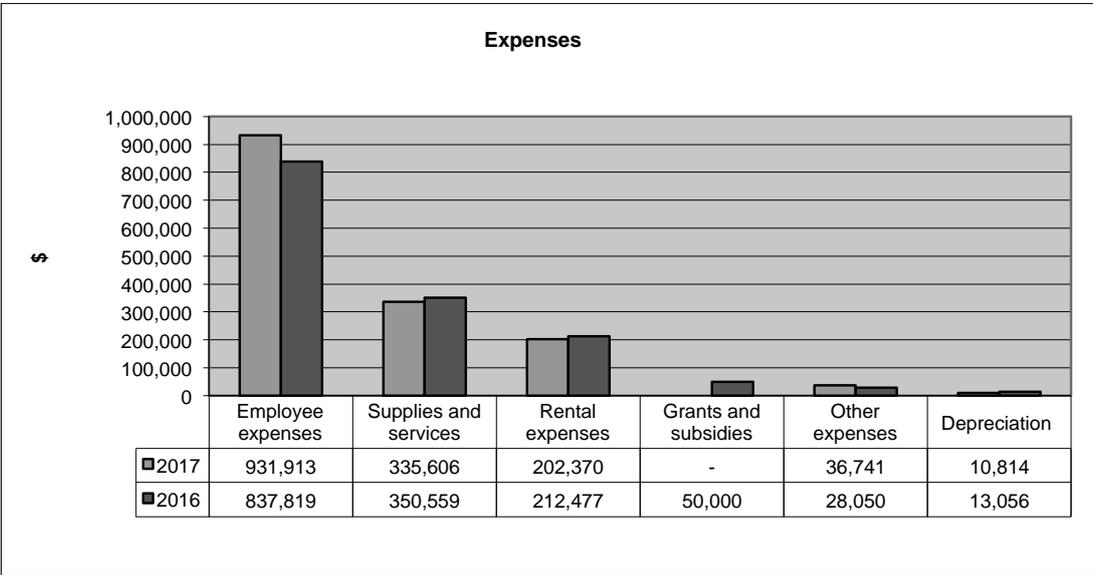


Figure 3

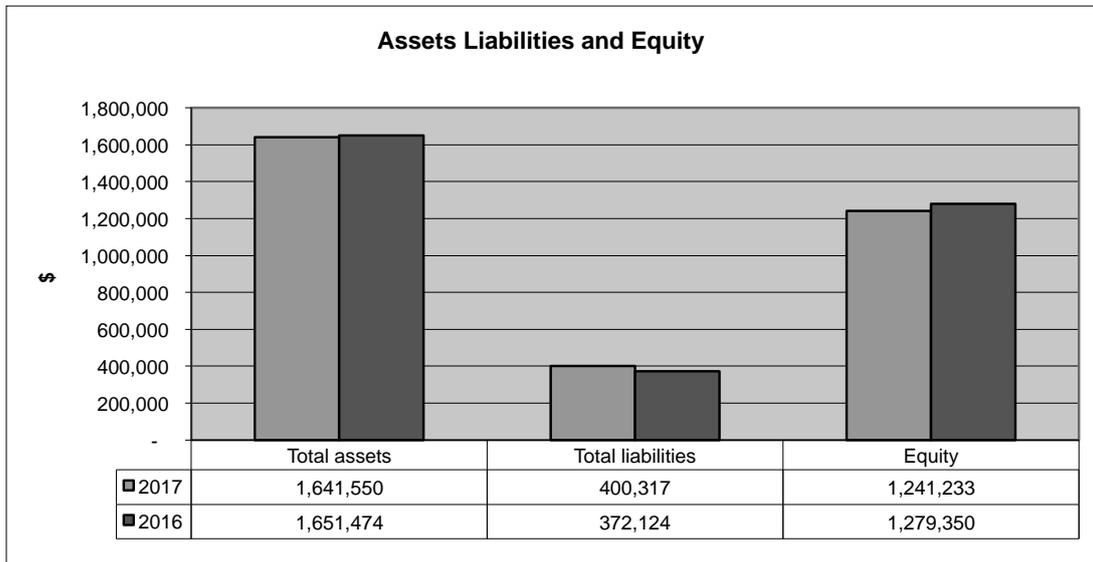


Statement of Financial Position

The Statement of Financial Position measures the value of assets, liabilities and equity of the Authority as at 30 June 2017.

Our equity has mainly decreased as a result of the operating deficit.

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 in-flows include revenue from fees for brothel licences and approved manager's certificates and revenue from a Government grant. Significant outflows are employee expenses, supplies and services for operational requirements and payments for rent commitments. The year ended in an increase in cash from \$1,545,962 at 30 June 2016 to \$1,562,726 at 30 June 2017.

Performance statement

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

Table 1: Service standards 2016-17

Prostitution Licensing Authority	Notes	2016-17 Target/Est.	2016-17 Actual
Service standards			
<i>Effectiveness measures</i>			
Percentage of licensed brothels implementing best practice standards	1	100%	100%
Satisfaction of applicants with PLA client service	2	95%	97%
Percentage of complaints resolved	3	95%	100%
<i>Efficiency measure</i>			
Fees income as a percentage of total budget	4	55%	47%

Notes:

1. This standard is measured at audits of licensed brothels, with an audit rating of at least 80 per cent indicating implementation of best practice standards.
2. This standard is a measure of overall satisfaction. It is measured by surveying applicants.
3. This standard refers to the proportion of complaints received in the reporting year that are resolved within the reporting year.
4. This standard calculates user fees as a percentage of the PLA total budget. The variance is mainly due to the timing of the lodgement of brothel licence applications and reduction in brothel numbers.

Statistical highlights 2016-17

- 21 licensed brothels operating in Queensland at year end, down one from the previous year (figure 5).
- 33 brothel licence applications (comprising six new applications, 16 annual returns, and 11 renewal applications) and 102 applications for an approved manager's certificate (comprising 35 new applications, 45 annual returns, and 22 renewal applications) (table 4).
- 29 police entries made to 15 licensed brothels (table 9).
- 31 complaints relating to prostitution (figures 6, 7, and 8).
- There have been no complaints in respect of licensed brothel impact on community amenity in the 17-year history of the PLA.
- 170 compliance activities, resulting in 48 corrective actions (table 8).

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

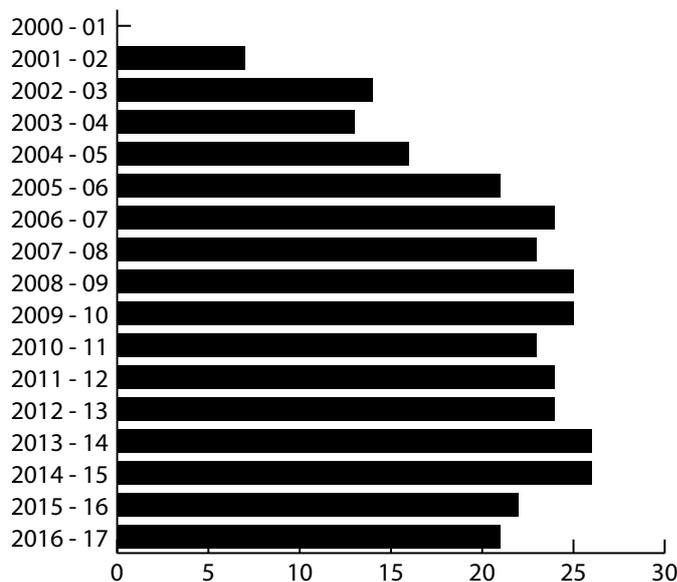
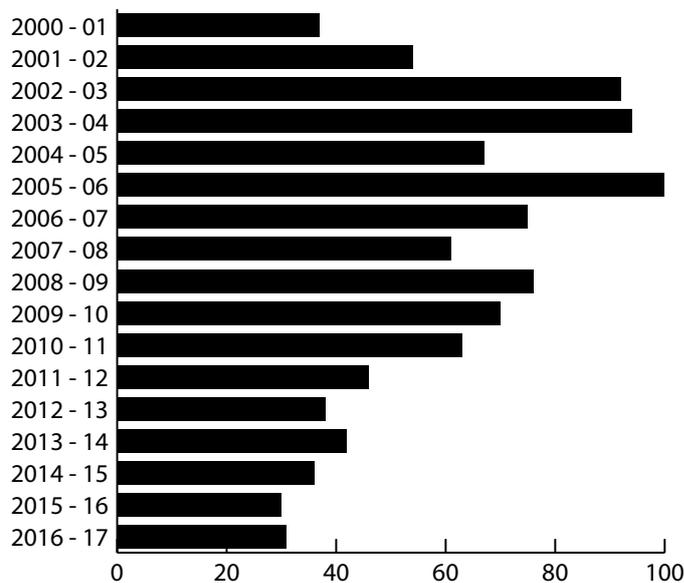


Figure 6: Number of complaints received by year



The environment in which we operate

Last year, the licensed brothel sector contracted from 26 to 22 brothels, with the PLA predicting that numbers would likely stabilise this year. This proved to be the case, with the closure of one brothel on the Gold Coast and no new brothels opening. Accordingly, 2016-17 ended with 21 licensed brothels in Queensland. This is equal to the number of brothels in 2005-06 (figure 5). There is a prospect that brothel numbers will increase in 2017-18. The PLA is currently considering brothel licence applications for two proposed new brothels, one in Rocklea and the other on the Sunshine Coast, although the applicants will need to be found suitable in order to be granted a brothel licence. The continued operation of current brothels also cannot be assumed. If the information provided to the PLA is accepted, a number of brothels are of marginal financial viability.

As it is, most prostitution in the state occurs outside of licensed brothels, either lawfully by sole operator sex workers or unlawfully by escort agencies or massage parlours or the like. The PLA has no interest in expansion of the licensed brothel sector of the sex industry for its own sake but only in ensuring the achievement of the worthy objectives of the Prostitution Act, especially given that licensed brothels are acknowledged as providing the safest and healthiest environment for sex work. For the Authority, the size of the sector has implications for its budget because fees constitute a significant source of revenue.

In addition to personal factors unique to each licensee which will impact on their decision to remain in business, the size of the sector may be explained by:

- prevailing economic conditions (for example, stagnant real wages and high levels of household debt impacting discretionary spending)
- the return on investment of licensed brothels in comparison to other businesses
- the entrepreneurial ability of individual licensees
- competition with illegal operators and with sole operator sex workers
- the regulatory framework for brothels
- disruptive innovation (there are many more opportunities now for people to engage in sex work through the internet and mobile applications).

Licensed brothels co-exist uneasily with illegal operators and during the year, licensees have expressed increasing disquiet to the PLA about the scale of the illegal sector, the impact on their business, and the policing priority given to combating illegal operations. Brothel licensees consider massage parlours and escort agencies to be a source of unfair competition. They point out that these illegal operators are not subject to the same regulatory restrictions (for example, location, outcalls, numbers of workers and rooms) or compliance burdens and have lower overheads (for example, they do not pay fees to the PLA). Licensees are small business operators and they argue that illegal operators undercut their prices and erode their market share, directly impacting on the viability of their business. Illegal operations are by their nature unregulated and unscrutinised and there is a heightened risk of the danger of exploitation of workers, violence, and pressure to have unsafe sex.

It is the QPS that is responsible for combating illegal prostitution in Queensland. The PLA has been active in conveying licensees concerns to the QPS. Assistant Commissioner Paul Stewart, a member of the PLA, acts as a conduit between the PLA and the QPS and he has been engaged in communicating licensed brothel sector concerns to the QPS hierarchy. In 2017-18, the PLA will continue to engage with the QPS in communicating stakeholder concerns. The PLA acknowledges that the QPS has finite resources and must prioritise its investigations accordingly.

The PLA also continued to engage during the year on its proposal for legislative reform of the sex industry, designed to target illegal operators, minimise the scope for the involvement of organised crime and the incidence of official corruption, improve the health and safety of sex workers, and enhance the scope of regulation of the sex industry. Given the range of matters before the Attorney-General and the Government, the Authority acknowledges the many competing policy priorities, and that the regulation of the state's sex industry is ultimately a policy matter for the Executive. If the sex

industry considers that there is merit in prostitution law reform, it is for the industry to pursue the matter with the Government.

During the year, the Queensland Parliament passed a number of technical amendments to the Prostitution Act, designed to enhance the operational efficiency of the PLA. These included:

- removal of the chief executive or nominee as a member of the PLA
- the ability for a member of the PLA to be appointed as an acting chairperson
- removal of the requirement that an application for variation of an approved manager's certificate be treated as if it were an application for a certificate
- a change in the quorum for meetings of the PLA
- enabling the PLA to approve its own forms, except for those under sections 108D(1), 110KC(1) and 110R(3).

Respect Inc submitted a new report into a needs assessment of sex workers at licensed brothels to the PLA late in 2016-17. The PLA will consider the report's findings and recommendations in the following year.

Finally, whilst the PLA acknowledges that prostitution continues to be a contentious and polarising phenomenon in the community, it notes that the decision to regulate the sex industry is a pragmatic one, with the principle of harm minimisation at its core, and designed to limit the impact of prostitution on the community.

Priorities for 2017-18

Key priorities for the PLA in 2017-18 are to:

- continue to engage with the QPS about stakeholder concern over illegal prostitution operators
- engage with the Government and with other government agencies on the regulation of the state's sex industry
- contribute to any reviews or inquiries impacting on the PLA or the State's sex industry
- educate the community and stakeholders about issues to do with prostitution, including PLA expectations about industry compliance
- promote ethical standards of staff conduct to minimise corruption risks.

Our Corporate Governance Framework

Appointment of PLA members

PLA members are appointed by the Governor in Council, pursuant to s. 102(1) of the Prostitution Act. Under s. 103 of the Act, the maximum term of appointment for a member is five years. A person is disqualified from being or continuing as a member of the PLA if the person:

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

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

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

The strategic planning cycle

Section 9 of the *Financial and Performance Management Standard 2009* requires that each statutory body develop a strategic plan for the agency to cover a period of four years. The PLA's Strategic Plan and Operational Plan are reviewed and updated annually.

Our objectives and strategies

The Strategic Plan identifies the following objectives and strategies.

Table 2:

GOAL	STRATEGY
<p>To ensure an efficient and effective brothel licensing system</p>	<ul style="list-style-type: none"> • Process applications and forward them to the QPS within 20 business days. • Regularly liaise with QPS on the status of applications. • Provide clear and concise information to applicants. • Monitor 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 Attorney-General and with other government agencies on the regulation of the sex industry. • Inform and educate stakeholders on the application process and their regulatory obligations. • Being responsive to stakeholder feedback.
<p>To have a licensed brothel sector that complies with the Prostitution Act and best practice standards</p>	<ul style="list-style-type: none"> • Monitor compliance via regular scheduled and unannounced audits and inspections of all licensed brothels. • Educate licensees and managers in respect of their obligations and the expectations of the PLA. • Review and amend brothel licence conditions for currency and best practice. • Publish and distribute the <i>Operational Standards Manual</i>. • Monitor compliance with the <i>Guidelines for Prostitution Advertising</i>. • Take and respond to complaints about licensed brothel operations. • Issue penalty infringement notices when warranted.
<p>To inform the sex industry, the community and the Attorney-General about relevant prostitution issues in Queensland</p>	<ul style="list-style-type: none"> • Publish and disseminate fact sheets, newsletters, and other documents (in multiple languages, if appropriate). • Ensure that information on the PLA website is relevant and current. • Liaise with the Queensland sex worker organisation, Respect Inc. • Written communication with key stakeholders, as appropriate, throughout the year. • Regular and timely communication with the Attorney-General.
<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*. The administrative procedures and management practices of the Authority have proper regard to the ethics principles and values and the Code of Conduct. All staff have been provided with a copy of the code. Staff are provided with information on public sector ethics at induction, and throughout the year. This year, staff completed an online ethics and Code of Conduct workshop. They also attended an information session on improving workplace behaviour, covering discrimination, sexual harassment and bullying.

The Prostitution Act permits the obtaining of a person's extended criminal history in order to determine if they should be considered for appointment to the Office of the PLA or if they should continue to be engaged as a staff member. Additionally, staff are obliged to provide notice, in the approved form, of a change in their extended criminal history. None of our staff have an extended criminal history and there were no changes notified in 2016-17.

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 2016-17.

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 has effective policies, procedures and systems in place for effectively managing identified risks that may affect its operations. A risk assessment was conducted during the year. In conducting this assessment, previous risk assessments were reviewed to determine those risks and controls which had been previously identified. The most recent systems appraisal was also reviewed. As with any organisation, staff are best placed to identify associated risks. Accordingly, all staff at the Office of the PLA were consulted and encouraged to contribute to this risk assessment, which focused generally on the following areas:

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

The PLA has been in operation since 1 July 2000. In the intervening years, the risks facing the PLA have been identified and addressed through the successive development of policy and procedures. Risk control measures have been implemented across the agency for all business areas and there is a process of ongoing review of existing policies and procedures. In particular, 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 the few staff members of the Office of the PLA. The Authority 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 2014-15, 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 2017-18.

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. In 2016-17, the PLA focused on implementing this schedule and this will continue in 2017-18.

Our Business

Brothel licensing

At year end, there were 21 licensed brothels in Queensland.

Table 3: Licensed brothels in Queensland at 30 June 2017

Address	Name of Brothel	Date Opened	Telephone Contact
Brisbane City Council			
88 Logan Rd, Woolloongabba	88 on Logan	13.06.03	3891 1198
1/32 Meadow Ave, Coopers Plains	Asian Star on Meadow	12.06.09	3216 7222
12 Nile St, Woolloongabba	Cleo's on Nile	22.10.05	3393 1678
83 Randolph St, Rocklea	Ding Ding 83	15.05.09	3875 2088
120 Robinson Rd, Geebung	Miso Honey	02.05.02	3865 6066
180 Abbotsford Rd, Bowen Hills	Montecito	30.02.06	3852 2057
61 Spine St, Sumner Park	Sky Angel	28.07.11	3279 2928
175 Abbotsford Rd, Bowen Hills	Platinum 175	25.04.14	3854 0032
945 Fairfield Rd, Yeerongpilly	The Viper Room	17.05.02	3392 7070
476 Boundary Rd, Archerfield	Yimi 476	24.08.05	3277 7318
Cairns Regional Council			
11 Cava Cl, Bungalow	Northern Belle	29.12.06	4033 5955
Gold Coast City Council			
1/29 Expansion St, Molendinar	Luvasian	02.09.05	5564 5599
30 Jade Dr, Nerang	Pentagon Grand	12.04.02	5597 0777
13/38 Eastern Service Rd, Stapylton	Pryana Rose	26.09.13	3382 0945
44 Upton St, Bundall	Silks on Upton	12.03.02	5538 2088
37 Upton St, Bundall	Utopia in Paradise	01.07.06	5539 0224
Logan City Council			
26 Magnesium Dr, Crestmead	Club 26	19.11.05	3803 1000
Moreton Bay Regional Council			
22 Brewer St, Clontarf	Intimate Encounters	20.08.03	3283 6111
Sunshine Coast Regional Council			
13 Cessna St, Marcoola	Lush	04.07.14	5450 7773
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 08.12.11	4779 9555
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Note: A number of these brothels have previously traded under different names.

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

In 2016-17, there were 33 brothel licence applications, comprising 6 new applications, 16 annual returns and 11 renewals¹ (table 4). Of the new licence applications, three were granted, two were refused, and one will be decided in 2017-18. The two applications that were refused were on the basis of financial viability. Of the licence renewal applications, eight were granted, and the remaining three applications will be considered in 2017-18.

There were a total of 102 approved manager's certificate applications in 2016-17, comprising 35 new applications, 45 annual returns and 22 renewals (table 4). Of the new certificate applications, 24 were granted, two were withdrawn, and the remaining nine applications will be considered by the PLA in 2017-18. Of the 22 certificate renewal applications, 20 were granted and the remaining two will be considered in 2017-18.

Table 4: Applications received 2016-17

	Brothel licences	Approved manager's certificates
New applications	6	35
Annual returns	16	45
Renewal applications	11	22
Total	33	102

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. It is local councils that are responsible for deciding development approval applications in respect of brothels. Under Schedule 1 of the *Sustainable 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 57 applications made to local governments in Queensland for development approval for a brothel (table 5). There were no applications made in 2016-17, as was the case the previous year. 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 Sustainable 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 Sustainable Planning Act, under s. 64B of the Prostitution Act, the applicant may apply to QCAT for a review of that decision.

There are 11 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 2016-17 (table 6).

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

In accordance with Schedule 1 of the Sustainable 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.

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

Local authority	Approved	Refused	Withdrawn/ lapsed	Pending	TOTAL
Brisbane	13	4	2	-	19
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	37	9	11	0	57

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

Table 6: Council approved premises on which there is not an operational brothel and for which the PLA did not receive a brothel licence application in 2016-17

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

Monitoring and Compliance

The compliance program

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

- provision of advice and guidance to brothel licence applicants with respect to development of policies, procedures and operational standards
- educating brothel licensees and approved managers about their obligations and responsibilities
- ongoing monitoring of existing licensed brothels operations
- advising on improvements to individual brothel operations or across the 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 related to licensed brothels
- managing and issuing penalty infringement notices
- projects such as benchmarking licensed industry standards and resource development
- analysing emergent and technical issues, conducting research, and monitoring industry best practice
- reports to inform the PLA in respect of probity, compliance and industry-related issues
- management of a surveillance program for prostitution advertising and social escort services advertising
- liaising and consulting with other government agencies to develop strategies to enhance regulatory outcomes, particularly involving matters that are the primary responsibility of other agencies.

There are a set of standard conditions that attach to each brothel licence and approved manager's certificate. These conditions are reviewed annually by the PLA, in consultation with licensees and managers where appropriate.

Table 7: 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 licensed brothels continue to demonstrate that the sector is highly compliant with its regulatory obligations. Licensees are generally committed to maintaining a safe, clean and legal sector. During 2016-17, there were 170 compliance activities undertaken by staff of the Office of the PLA. As a result of audits and inspections throughout the year, 48 corrective actions were required (table 8). This represents an improvement on the previous year when 71 corrective actions were required. Licensees are given a date by which any non-compliances must be rectified. If they are not addressed by the due date, licensees are issued with a notice to appear to provide an explanation to PLA members. This initiative has been generally successful in ensuring that licensees are even more attentive to compliance matters and more responsive to rectifying non-conformances in a timely manner.

Last year, the PLA developed and published an *Operational Standards Manual* which was distributed to all brothel licensees and approved managers. The manual is designed to cover all aspects of brothel management, outlines procedures to meet brothel licence conditions, addresses strategies to effect compliance and for the lawful operation of brothels. The overall intent of the manual is to support high standards of lawful brothel operations in Queensland. The manual is given to all new licensees and managers throughout the year. In 2016-17, the PLA published and distributed multilingual versions of the manual, which will assist to further promote regulatory compliance.

Table 8: PLA compliance activities 2016-17

Number of compliance activities	170
Number of required corrective actions as a result of audits and inspections	48

Disciplinary action

It is a function of the PLA to conduct disciplinary inquiries in relation to licensees and approved managers and to discipline licensees and approved managers. The PLA has a range of disciplinary powers at its disposal, including a reprimand, an additional condition of licence or certificate, a monetary penalty, suspension or even cancellation. The PLA considers disciplinary action only as a last resort. The Authority has an emphasis on educating licensees and managers about their obligations and achieving compliance by way of cooperation rather than punitive action. The great majority of brothel licensees and approved managers are diligent in complying with their responsibilities and obligations. The result is that the PLA has rarely resorted to disciplinary action. For example, in the three years prior to 2015-16, the PLA did not conduct a single disciplinary inquiry and did not take any disciplinary action. This trend has been somewhat reversed in the past two years. There were two disciplinary inquiries held in 2015-16 and a further two in 2016-17.

As for the two disciplinary inquiries held this year, the first was in respect of a brothel licensee and related to whether the provision of prostitution under the brothel licence was in breach of a condition that the licensee demonstrate that they have or will be able to obtain financial resources adequate to ensure the financial viability of their brothel. After considering all of the facts and circumstances, the PLA decided that the ground for taking disciplinary action had not been established.

The second disciplinary inquiry was in respect of an approved manager and related to whether the brothel had been managed in a way that makes it desirable that action should be taken against them. After considering all of the facts and circumstances, the PLA decided that the ground for taking disciplinary action had been established, and it was ordered that the approved manager’s certificate be cancelled.

Penalty infringement notices (PINs)

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

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

In 2016-17, a total of 40 PINs were issued. 30 by the QPS and 10 by the PLA.

PINs were issued by PLA officers for the following offences:

- failing to keep a record for each period the brothel is open for business
- publishing an advertisement for prostitution that is not in the approved form.

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

- failure to personally supervise a licensed brothel
- offering to provide prostitution involving sexual intercourse or oral sex without using a prophylactic
- publishing an advertisement for prostitution that describes the services offered
- publishing an advertisement for prostitution through radio or television or by film or video recording
- publishing an advertisement for prostitution that states, directly or indirectly, that the person's business provides or is connected with massage services
- publishing an advertisement for prostitution that is not in the approved form.

Automatic suspension and automatic cancellation

Sections 24B, 25, 50B, and 51 of the Prostitution Act provide for the automatic suspension/cancellation of brothel licences and approved manager's certificates for non-payment of annual fees. The brothel licences of two individuals were automatically suspended in 2016-17 but the suspension was lifted after payment of the fees. During the year, the approved manager's certificates of 16 individuals were automatically suspended and 12 were automatically cancelled. The automatic suspension of three certificates was lifted after the individuals paid the annual return fees. One approved manager elected to surrender their certificate to the PLA so that the certificate did not progress to automatic cancellation. In most cases, the certificate holders had already left the industry but had failed to advise the PLA and surrender their certificate. If a licence or certificate is automatically cancelled, the holder is ineligible to apply for another licence or certificate for a period of three years.

Complaints

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

During 2016-17, the PLA received a total of 31 complaints relating to prostitution issues (figure 7). This was about the same number of complaints as the previous year (figure 6). 13 complaints were received about the operation of licensed brothels. None of these complaints were about the impact on community amenity of a brothel.

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

Figure 7: Number and Type of Complaints

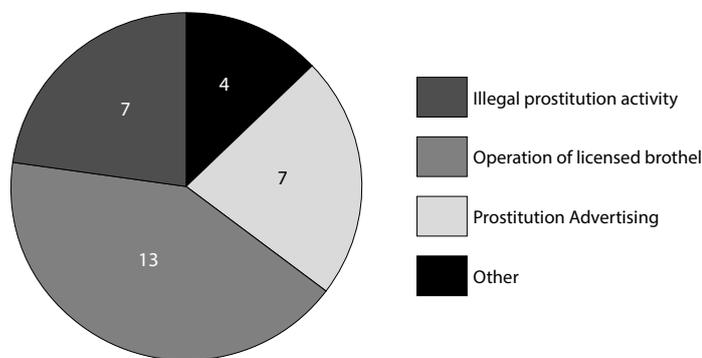
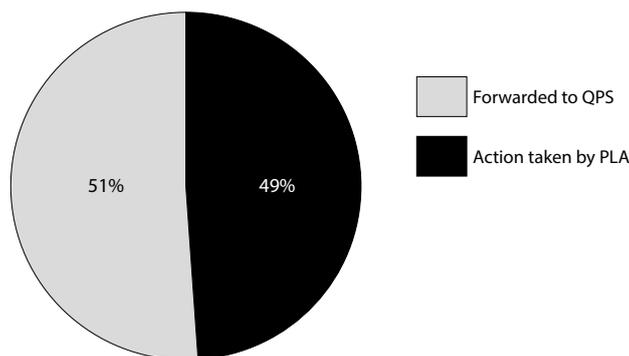


Figure 8: Resolution of Complaints



Police entries to licensed brothels

During the year, the PLA received advice from the police, as required under s. 61 of the Prostitution Act, of 29 police entries to 15 licensed brothels (table 9). The police may enter brothels for a variety of reasons, including:

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

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

Table 9: Police entries to licensed brothels

Brothel	Number of entries
88 on Logan	4
Asian Star on Meadow	1
Bluebirds on Carmel	1
Club 26	2
Ding Ding 83	1
Intimate Encounters	1
LuvAsian	1
Miso Honey	1
Montecito	6
Platinum 175	4
Pentagon Grand	1
Sky Angel	2
The Viper Room	2
Utopia in Paradise	1
Yimi476	1
TOTAL	29

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*. 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. This year, the PLA reviewed and updated the guidelines and a new version was published and distributed.

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 seven 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. Since the introduction of PINs, the PLA and the QPS also have the option of issuing PINs for a range of prostitution advertising offences. Collectively, the PLA and QPS issued 27 PINs for advertising offences in 2016-17.

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 published *Guidelines for social escort services advertising*. It is the responsibility of advertisers and publishers to determine if proposed advertisements conform to the guidelines. It is a requirement of the Prostitution Act that an advertisement for social escort services must contain the words 'non-sexual' or 'sexual services are not provided'. The PLA has broadened its advertising surveillance to encompass social escorts advertising and no breaches were identified in 2016-17.

Liaison and Assistance

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

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

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

Communicating with members of the public

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

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

The PLA website

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

Communicating with the sex industry

During 2016-17, the PLA continued its engagement with the Queensland sex worker organisation, Respect Inc. Staff of the Office of the PLA and Respect Inc discussed topical matters and any issues of concern. The PLA consults with Respect Inc on relevant sex industry matters. In appropriate cases, the PLA refers sex workers (particularly sole operator sex workers) to Respect Inc for assistance. The PLA 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 2017-18.

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

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 range of other industry stakeholders. This year, *In Touch* has included articles on sexual health, the law in Queensland, details of the latest sex industry research, the obligations and responsibilities of licensees and managers, sex industry developments and happenings in other jurisdictions, 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.

Prior to the advent of three year licences, the PLA 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. Whilst this is no longer possible, licensees and managers may request to address members of the PLA at their monthly meetings in order to talk about any issues of concern, such as their brothel operations, the licensed industry more generally, or their treatment by the PLA. The PLA continues to meet with licensees at consideration of their licence renewal application.

Communicating with other key stakeholders

We met, as required, with our key stakeholders and have assisted other agencies to perform their functions with regard to prostitution issues. Table 10 shows the number of meetings we held with those key stakeholders. Meetings are just one way of measuring the Authority's stakeholder engagement. Other more common forms of communication with stakeholders included telephone calls, emails, and letters.

Table 10: Key stakeholders attending meetings with the PLA 2016–17

Group	Number
Licensees and managers, applicants, potential applicants	31
QPS	55
Other government agencies	17
Other Organisations	28
Ministerial	2
TOTAL	133

Feedback

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

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

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

Inquiries

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

Supporting Our Business

Our people

The PLA recognises that its employees are an important asset and values the contribution of all staff members. Staff of the Office of the PLA are highly trained and skilled in the work that they undertake. They specialise in areas such as finance, administration, policy, 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 ten full-time equivalent staff, although two positions were vacant throughout the year (table 11).

No redundancy, early retirement or retrenchment packages were paid during 2016-17.

One staff member at the AO2 level resigned during the year, so that the office had a permanent separation rate of 10 percent.

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

The PLA's success depends on building the capability of its workforce. In recognition of the benefit of relevant training, staff and management work together to identify appropriate development opportunities. This assists both individual career progress and strengthens the PLA's overall capability. The PLA encourages all staff to undertake relevant professional development. This year, the senior staff of the Office of the PLA have engaged in leadership coaching sessions.

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. 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 2016-17.

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

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

Note: Although the office has a complement of 10 staff, two positions were vacant throughout the year.

Finance and administration

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

During 2016-17, finance and administration developed and reviewed several processes that influenced the PLA's outcomes. These included:

- reviewing the FAM and other policies and procedures to ensure the conduct of the financial, administrative and human resource activities of the PLA comply with whole-of-government legislation, policies and directives
- improving the efficiency of brothel licence and manager's certificate application processing
- reviewing the business management process and implementing integrated budgeting with operational planning
- continuing to improve the management of risk and the audit of service delivery through better practices
- streamlining in-house electronic filing systems to ensure adequate recording and security of information and documentation
- producing corporate information and documentation for distribution to the community, key stakeholders and the industry.

Under the PLA's human resource management policies, ongoing development and implementation of the health and safety management system ensures that the PLA can provide a safe environment for employees, visitors and contractors alike. To support Office of the PLA staff, access is available to employee assistance services. The office's recruitment practices ensure that its officers possess the skills and knowledge needed to continue to achieve its priorities, resulting in a 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 2016-17.

Information management

An area where the PLA receives departmental assistance is in the provision of Information Technology (IT) services and support, which includes maintenance of the PLA website.

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

Open data

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

Financial Statements

2016 - 17

Prostitution Licensing Authority Financial Statements 2016-2017

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General Information

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

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

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

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

Level 3
5 Gardner Close
MILTON QLD 4034

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

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

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

PROSTITUTION LICENSING AUTHORITY
Statement of Comprehensive Income
for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Income from Continuing Operations			
Revenue			
User charges and fees	2	720,701	996,710
Grants and other contributions		721,000	718,000
Interest		37,626	42,610
Total Income from Continuing Operations		1,479,327	1,757,320
Expenses from Continuing Operations			
Employee expenses	3	931,913	837,819
Supplies and services	7	335,606	350,559
Rental expenses	8	202,370	212,477
Grants and subsidies	9	-	50,000
Depreciation		10,814	13,056
Other expenses	10	36,741	28,050
Total Expenses from Continuing Operations		1,517,444	1,491,961
Operating Result from Continuing Operations		(38,117)	265,359
Total Comprehensive Income		(38,117)	265,359

The accompanying notes form part of these statements.

PROSTITUTION LICENSING AUTHORITY
Statement of Financial Position
as at 30 June 2017

	Notes	2017 \$	2016 \$
Current Assets			
Cash and cash equivalents	11	1,562,726	1,545,962
Receivables	14	7,214	29,283
Other Assets		4,677	2,690
Total Current Assets		1,574,617	1,577,935
Non-Current Assets			
Other Assets		9,802	5,594
Property, plant and equipment	15	57,131	67,945
Total Non-Current Assets		66,933	73,539
Total Assets		1,641,550	1,651,474
Current Liabilities			
Payables		37,905	99,970
Accrued employee benefits	16	25,200	19,085
Other Liabilities	17	337,212	253,069
Total Current Liabilities		400,317	372,124
Total Liabilities		400,317	372,124
Net Assets		1,241,233	1,279,350
Equity			
Accumulated surpluses		1,241,233	1,279,350
Total Equity		1,241,233	1,279,350

The accompanying notes form part of these statements.

PROSTITUTION LICENSING AUTHORITY
Statement of Changes in Equity
for the year ended 30 June 2017

	Notes	Accumulated Surplus \$
Balance as at 1 July 2015		1,013,991
Operating Result from Continuing Operations		265,359
Balance as at 30 June 2016		1,279,350
		\$
Balance as at 1 July 2016		1,279,350
Operating Result from Continuing Operations		(38,117)
Balance as at 30 June 2017		1,241,233

The accompanying notes form part of these statements.

PROSTITUTION LICENSING AUTHORITY
Statement of Cash Flows
for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
<i>Inflows:</i>			
User charges and fees		804,844	1,045,735
Grants and other contributions		721,000	718,000
GST input tax credits from ATO		51,232	57,486
Interest receipts		37,999	42,224
<i>Outflows:</i>			
Employee expenses		(905,367)	(853,904)
Supplies and services		(606,237)	(560,348)
Grants and subsidies		-	(50,000)
GST paid to suppliers		(51,233)	(57,486)
GST remitted to ATO		1,267	223
Other		(36,741)	(28,051)
Net cash provided by (used in) operating activities	12	16,764	313,879
Net increase (decrease) in cash held		16,764	313,879
Cash at beginning of financial year		1,545,962	1,232,083
Cash and cash equivalents at end of financial year		1,562,726	1,545,962

The accompanying notes form part of these statements.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

	Objectives and Principal Activities of the Prostitution Licensing Authority
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Note 2	Revenue
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PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

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 2016-17, the PLA was funded through a non-reciprocal government contribution and provides the following on a fee for service basis:

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

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

The Prostitution Licensing Authority has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ending 30 June 2017, 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) Insurance

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

(d) Taxation

The PLA is a State Body as defined under the Income Tax Assessment Act 1936 and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the PLA. GST credits receivable from, and GST payable to the ATO, are recognised (refer to note 14).

(e) Accounting Estimates and Judgements

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

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

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

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

(f) Issuance of Financial Statements

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

(g) Other Presentation Matters

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

2. Revenue

(a) User Charges, Penalties and Fines

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

Prostitution Infringement Notices/Fines collected, but not controlled, by the PLA are reported as Infringement notice revenue.

	2017	2016
	\$	\$
User charges and fees		
Fees for licences	468,878	679,848
Fees for licence applications	140,125	214,481
Fees for certificates	4,899	4,746
Fees for certificate applications	79,391	83,908
Infringement notice revenue	20,471	10,720
Other fees	6,937	3,007
Total	720,701	996,710

(b) 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, as discussed in the Statement of Comprehensive Income.

3. Employee Expenses

Employee Benefits		
Wages and salaries	798,496	744,160
Employer superannuation contributions	93,108	88,089
Long service leave levy	16,768	15,738
Payroll Tax *	-	(38,867)
Other employee benefits**	18,640	19,123
Total	927,012	828,243
Employee Related Expenses		
Staff related expenses	1,634	5,104
Workers' compensation premium	3,267	4,472
Total Employee Expenses	931,913	837,819

* PLA's salaries were under the payroll tax threshold and received a full refund for payroll tax paid.

**Staff development costs were reclassified from Supplies and Services (Note 7).

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

3. Employee Expenses (cont'd)

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

Number of Employees:	8	7
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(a) Employee Benefits

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

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

Wages, Salaries and Sick Leave

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

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

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

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

Annual Leave and Long Service Leave

The PLA is a member of the Queensland Government's Annual Leave Central Scheme (ALCS). Under this scheme, a levy is made on the PLA 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.

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 PLA'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*.

4. Key Management Personnel

As from 2016-17, the PLA's responsible Minister is identified as part of the PLA's KMP, consistent with additional guidance included in the revised version of AASB 124 Related Party Disclosures. That Minister is the Attorney-General and Minister for Justice.

The following details for non-Ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2016-17 and 2015-16. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management and Remuneration of Board Members

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

4. Key Management Personnel (cont'd)

Position	Position Responsibility
Attorney-General and Minister for Justice	To appoint Board members and to ensure that the PLA operates to best practice standards.
Chairperson	Provide broad strategic direction and operational oversight of the agency and its functions.
Board members	Overall oversight of the agency and its functions.
Executive Director	Responsible for the efficient, effective and economic administration of the agency.

KMP Remuneration Policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The PLA does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2016-17, which are published as part of Queensland Treasury's Report on State Finances.

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

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

Remuneration expenses for KMP comprises the following components:

- ◆ Short term employee benefits which include:
 - Salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position;
 - Non-monetary benefits – consisting of provision of vehicle.
- ◆ Long term employee benefits include amounts expensed in respect of long service
- ◆ Post-employment benefits include amounts expensed in respect of employer superannuation obligations.
- ◆ A performance based bonus is not applicable to the organisation.
- ◆ Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

Remuneration Expenses

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

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

4. Key Management Personnel (cont'd)

1 July 2016– 30 June 2017

Position	Short Term Employee		Long Term Employee	Post Employment	Termination Benefits \$	Total Remuneration \$
	Base \$	Monetary				
Executive Director	168,638	5,700	3,527	17,646	-	195,511
Chairperson	7,308			694		8,002
Board Members	22,650			2,137		24,787
Total Remuneration	198,596	5,700	3,527	20,477	-	228,300

1 July 2015– 30 June 2016

Position	Short Term Employee		Long Term Employee	Post Employment	Termination Benefits \$	Total Remuneration \$
	Base \$	Monetary				
Executive Director	163,681	5,700	3,454	17,275	-	190,111
Chairperson	10,000			-		10,000
Board Members	21,000			-		21,000
Total Remuneration	194,681	5,700	3,454	17,275	-	221,111

5. Disclosure of related parties

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

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

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

Transactions with other Queensland Government-controlled entities

The PLA received in a non-reciprocal government grant from Department of Justice and Attorney General (DJAG) (Note 2.(b)).

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

	2017	2016
Service Level Agreement	\$	\$
Department of Police corporate service	29,408	28,738

6. Remuneration of Board Members

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

Board Members fees were reclassified from other expenses (Note 10).

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

Nil	4	5
\$1 - \$10,000	5	4

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

6. Remuneration of Board Members (cont'd)

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

	2017	2016
	\$	\$
Marshall Irwin - Chairperson	8,002	10,000
Paul Tully (LP)	7,663	7,000
Ms Frances de la Cuesta Hunt (CR)	7,663	7,000
Ms L Palmen (CR)	7,663	7,000
Ms Margaret Grummitt (LG)	1,798	-
Dr D Rowling (QH)	-	-
Ms Kathleen Florian (CCC)	-	-
Ms Margaret Isaac (MD)	-	-
Mr Paul Stewart (QPS) Assistant Commissioner	-	-
Total remuneration	32,789	31,000

Appointed dates

Mr Paul Stewart (QPS) Assistant Commissioner was appointed in September 2015

Retired dates

Marshall Irwin - Chairperson retired in March 2017

Ms Kathleen Florian (CCC) retired June 2017

Ms Margaret Isaac (MD) retired June 2017

7. Supplies and Services

Contractors	38,489	30,119
Supplies and consumables*	53,190	69,305
Travel	6,253	16,129
Repairs and maintenance	15,941	25,317
Communications	74,218	34,686
Chairman and Members' fees*	32,789	31,000
Department of Police corporate service charges	29,408	28,738
Public utilities	26,533	31,439
Legal services	10,454	49,737
Investigations and Searches	24,736	12,249
Other Services	23,595	21,840
Total	335,606	350,559

* Motor vehicles insurance fees and chairman and members fees were reclassified from other expenses (Note 10).

8. Rent

Operating rent payments are representative of the pattern of benefits derived from the rented assets and are expensed in the periods in which they are incurred, as discussed in the Statement of Comprehensive Income.

The PLA held no finance leases at 30 June 2017.

9. Grants and subsidies

Teen Challenge New Life Sex Workers Support Program	-	50,000
Total	-	50,000

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

10. Other Expenses	2017	2016
	\$	\$
Insurance premiums	2,660	3,078
Auditor's remuneration - external audit services*	13,000	13,500
Transfers of Administered Income to Government	20,471	10,720
Other expenses	610	752
Total	36,741	28,050

*Total external audit fees relating to the 2016-17 financial year are estimated to be \$13,000 (2016: \$13,500). There are no non-audit services included in this amount.

11. 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.

Cash and Cash Equivalents

Imprest account	300	136
Cash at bank	1,562,426	1,545,826
Total	1,562,726	1,545,962

12. Reconciliation of Operating Surplus to Net Cash from Operating Activities

Operating surplus/(deficit)	(38,117)	265,359
Depreciation and amortisation expense	10,814	13,056
Change in assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	1,266	223
(Increase)/decrease in other receivables	20,802	(20,816)
(Increase)/decrease in prepayments	(6,195)	2,697
Increase/(decrease) in fees received in advance	84,143	49,023
Increase/(decrease) in payables and accruals	(62,065)	(9)
Increase/(decrease) in accrued employee benefits	6,116	4,346
Net cash from operating activities	16,764	313,879

13. Financial Instruments

(a) Categorisation of Financial Instruments

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

<u>Category</u>	<u>Note</u>		
Financial Assets			
Cash and cash equivalents	11	1,562,726	1,545,962
Receivables	14	7,214	29,283
Total		1,569,940	1,575,245
Financial Liabilities			
Payables		37,905	99,970
Total		37,905	99,970

Recognition

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

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

13. Financial Instruments (cont'd)

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.

(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.

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

Credit risk exposure refers to the situation where the PLA may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

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

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

Maximum Exposure to Credit Risk			
Financial Assets	Note	2017	2016
		\$	\$
Cash and cash equivalents	11	1,562,726	1,545,962
Receivables	14	7,214	29,283
Total		1,569,940	1,575,245

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

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.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

13. Financial Instruments (cont'd)

(d) Liquidity Risk

Liquidity risk refers to the situation where the PLA may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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	2017 Payables in			
		<1 year	1-5 years	>5 years	Total
		\$	\$	\$	\$
Payables		37,905	-	-	37,905
Total		37,905	-	-	37,905

Financial Liabilities	Note	2016 Payables in			
		<1 year	1-5 years	>5 years	Total
		\$	\$	\$	\$
Payables		99,970	-	-	99,970
Total		99,970	-	-	99,970

(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 articulated in the PLA's Financial Management Practice Manual.

(f) Interest Rate

The interest rate risk is limited to cash balances.

(g) Fair Value

The PLA does not recognise any financial assets or financial liabilities at fair value.

The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

14. Receivables

	2017	2016
Current	\$	\$
GST receivable	4,716	5,983
Interest receivable	2,498	2,870
Payroll tax receivables	-	20,430
Total	7,214	29,283

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.

15. Plant and Equipment

Plant and equipment		
At cost	304,515	304,515
Less: Accumulated depreciation	(247,384)	(236,570)
Total	57,131	67,945

Plant and Equipment Reconciliation

Carrying amount at 1 July	67,945	81,001
Depreciation	(10,814)	(13,056)
Carrying amount at 30 June	57,131	67,945

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

(a) Plant and Equipment

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

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

The PLA does not have assets at fair value.

(b) Depreciation of Plant and Equipment

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

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

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

Class	Rate %
Plant and equipment	10-33.3%

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

16. Accrued Employee Benefits	2017	2016
	\$	\$
Current		
Wages outstanding	20,891	16,621
Superannuation	3,638	1,313
Other employee expenses	671	1,151
Total	25,200	19,085
17. Other Current Liabilities		
Fees received in advance *		
Fees for licences received in advance	335,290	249,670
Fees for certificates received in advance	1,922	3,399
Total	337,212	253,069

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

18. Payables

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

19. Commitments for Expenditure

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

(a) Operating Rent

Not later than one year	228,167	172,073
Later than one year and not later than five years*	456,350	531,718
Total commitments	684,517	703,791

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

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

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

(b) 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	43,160	39,030
Later than one year and not later than five years	41,780	77,052
Total	84,940	116,081

20. Contingencies

(a) Litigation in progress

The PLA has no litigation in progress at 30 June 2017.

(b) Financial Guarantees

The PLA had provided no guarantees at 30 June 2017.

21 Subsequent Events Note

No Subsequent events

22. New and Revised Accounting Standards

The PLA did not voluntarily change any of its accounting policies during 2016-2017. Australian Accounting Standards changes applicable for the first time in the 2016-2017 financial year have had minimal impact on the PLA's financial statements.

The PLA is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury. The PLA applies standards and interpretations in accordance with their respective commencement dates.

The PLA adopted Australian Accounting Standard, AASB 124 Related Party Disclosures. This standard requires note disclosures about relationships between a parent entity and its controlled entities, key management personnel (KMP) remuneration expenses and other related party transactions, and does not impact on financial statement line items. As Queensland Treasury already required disclosure of KMP remuneration expenses, AASB124 itself had minimal impact on the PLA's KMP disclosures compared to 2015-16.

23. Future Accounting Standards

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

Impact for Lessees

Unlike AASB 117 Leases, AASB 16 introduces a single lease accounting model for lessees. The PLA as lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value. In effect, the operating lease (as defined by the current AASB 117) will be reported on the statement of financial position under AASB 16. There will be a significant increase in assets and liabilities for the PLA due to the lease assets. The impact on the reported assets and liabilities would be largely in proportion to the scale of the PLA's leasing activities.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

23. Future Accounting Standards (cont'd)

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. If a lessee chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application. The PLA will await further guidance from Queensland Treasury on the transitional accounting method to be applied.

The PLA has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating leases, including the extent of additional disclosure.

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.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

24. Budget vs Actual Comparison

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

Statement of Comprehensive Income

	Variance Notes	Original Budget 2017 \$	Actual 2017 \$	Variance \$	Variance % of
Income from Continuing Operations					
Revenue					
User charges and fees	1	932,000	720,701	(211,299)	-23%
Grants and other contributions		721,000	721,000	-	0%
Interest	2	45,000	37,626	(7,374)	-16%
Total Income from Continuing Operations		1,698,000	1,479,327	(218,673)	-13%
Expenses from Continuing Operations					
Employee expenses	3	1,087,000	931,913	(155,087)	-14%
Supplies and services		325,000	335,606	10,606	3%
Rental expenses	4	230,000	202,370	(27,630)	-12%
Depreciation		11,000	10,814	(186)	-2%
Other expenses	5	30,000	36,741	6,741	22%
Total Expenses from Continuing Operations		1,683,000	1,517,444	(165,556)	-10%
Operating Result from Continuing Operations		15,000	(38,117)	(53,117)	-354%
Total Comprehensive Income		15,000	(38,117)	(53,117)	-354%

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

24. Budget vs Actual Comparison (cont'd)

Statement of Financial Position

	Variance Notes	Original Budget 2017 \$	Actual 2017 \$	Variance \$	Variance % of
Current Assets					
Cash and cash equivalents	1	1,414,000	1,562,726	148,726	11%
Receivables		10,000	7,214	(2,786)	-28%
Other Assets	6	7,000	4,677	(2,323)	-33%
Total Current Assets		1,431,000	1,574,617	143,617	10%
Non-Current Assets					
Other Assets-NC	6	2,000	9,802	7,802	390%
Property, plant and equipment		58,000	57,131	(869)	-1%
Total Non-Current Assets		60,000	66,933	6,933	12%
Total Assets		1,491,000	1,641,550	150,550	10%
Current Liabilities					
Payables		62,000	37,905	(24,095)	-39%
Accrued employee benefits		13,000	25,200	12,200	94%
Other liabilities	1	190,000	337,212	147,212	77%
Total Current Liabilities		265,000	400,317	135,317	51%
Total Liabilities		265,000	400,317	135,317	51%
Net Assets		1,226,000	1,241,233	15,233	1%
Equity					
Accumulated surpluses.		1,226,000	1,241,233	15,233	1%
Total Equity		1,226,000	1,241,233	15,233	1%

PROSTITUTION LICENSING AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

24. Budget vs Actual Comparison (cont'd)

Statement of Cash Flows

	Variance Notes	Original Budget 2017	Actual 2017	Variance	% of budget
		\$	\$	\$	
Cash flows from operating activities					
<i>Inflows:</i>					
User charges and fees	1	1,002,000	804,844	(197,156)	-20%
Grants and other contributions		721,000	721,000	-	0%
GST input tax credits from ATO		-	51,232	51,232	100%
Interest receipts	2	45,000	37,999	(7,001)	-16%
<i>Outflows:</i>					
Employee expenses	3	(1,084,000)	(905,367)	178,633	-16%
Supplies and services	7	(542,000)	(606,237)	(64,237)	12%
GST paid to suppliers		-	(51,233)	(51,233)	100%
GST remitted to ATO		-	1,267	1,267	100%
Other	1	(70,000)	(36,741)	33,259	-48%
Net cash provided by (used in) operating activities		72,000	16,764	(55,236)	-77%
Net increase (decrease) in cash held		72,000	16,764	(55,236)	-77%
Cash at beginning of financial year		1,342,000	1,545,962	203,962	15%
Cash and cash equivalents at end of financial year		1,414,000	1,562,726	148,726	11%

Explanations of Major Variances

- 1 This variance is mainly due to the timing of the lodgement of brothel applications and the closure of brothels.
- 2 This variance is due to the current low interest rates received on bank balances.
- 3 This variance is mainly due to capacity planning in the staffing of compliance and enforcement functions.
- 4 This variance is due to a new rent agreement that took effect.
- 5 This variance is due to unbudgeted fines received on behalf of the government.
- 6 This variance is due to future years services prepaid to optimise financial benefit.
- 7 This variance is due to an increase in books & publications and minor asset purchases.

CERTIFICATE OF THE PROSTITUTION LICENSING AUTHORITY

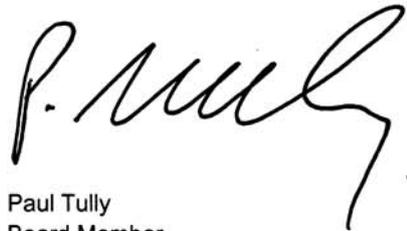
These general purpose financial statements have been prepared pursuant to s.62(1) of the Financial Accountability Act 2009 (the Act), section 42 of the Financial and Performance Management Standard 2009 and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our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

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Prostitution Licensing Authority for the financial year ended 30 June 2017 and of the financial position of the PLA at the end of that year.
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Margaret Isaac
Executive Director

Date 11.8.17



Paul Tully
Board Member

Date 14/8/17

INDEPENDENT AUDITOR'S REPORT

To the Board of the Prostitution Licensing Authority

Opinion

I have audited the financial report of the Prostitution Licensing Authority, which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificates given by a Board member and the Executive Director.

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) I consider the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
- (c) In my opinion, the accompanying financial report gives a true and fair view of the financial position of the entity as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with the prescribed requirements under the *Financial Accountability Act 2009*.

Basis of Opinion

I conducted the audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the entity in accordance with the *Auditor-General Act 2009* and the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The Board of the Prostitution Licensing Authority is responsible for the other information. The other information comprises the information included in the statutory body's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon. My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Board of the Prostitution Licensing Authority 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 requirements of the *Financial Accountability Act 2009* and its subordinate legislation, the *Financial and Performance Management Standard 2009*. These prescribed requirements include the Australian Accounting Standards and having regard to the minimum reporting requirements included in the *Financial Reporting Requirements for Queensland Government Agencies*. 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.

In preparing the financial report, the Board is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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



N George
as delegate of the Auditor-General



Queensland Audit Office
Brisbane

Appendix 1 - Annual report requirements for Queensland Government agencies for the 2016-2017 reporting period – 14.3 Government bodies (statutory bodies and other entities)

Prostitution Licensing Authority (PLA)					
Act or instrument	<i>Prostitution Act 1999</i>				
Functions	The PLA regulates prostitution in Queensland by administering the <i>Prostitution Act 1999</i> and the <i>Prostitution Regulation 2014</i> . The functions of the PLA are established by statute and include deciding applications for brothel licences and approved manager's certificates, monitoring the provision of prostitution through licensed brothels, and conducting disciplinary inquiries to decide whether there are grounds for taking disciplinary action against brothel licensees and approved managers.				
Achievements	<p>The last review of the Prostitution Act was conducted in 2011 by the Crime and Corruption Commission, which acknowledged the successful record of the PLA in regulating the state's licensed brothel sector. The PLA has maintained this high standard of regulation by careful vetting of applicants for brothel licences and approved manager's certificates to ensure that only suitable persons may influence the operations of brothels. PLA compliance officers continue to carefully scrutinise the operations of licensed brothels, by way of audits and inspections, revealing generally high levels of regulatory compliance.</p> <p>The PLA prefers to achieve compliance by education and cooperation with brothel licensees and approved managers but disciplinary action remains an option in appropriate circumstances. The PLA conducted two disciplinary inquiries in 2016-17.</p> <p>Because the sex industry is largely cash based, it is attractive to organised crime in order to facilitate money laundering. Since the creation of the licensing framework, there has been no evidence of official corruption or organised crime at brothels in the state.</p> <p>Licensed brothels provide a safe and healthy environment for the conduct of prostitution, with the PLA promoting high standards of health and safety and prioritising the autonomy and freedom of choice of sex workers at brothels. Throughout the year, compliance officers recorded no evidence, nor received any substantiated complaints, of any abuse of human rights or sex worker coercion at any brothel.</p> <p>The operations of licensed brothels have a negligible impact on the community. They operate so discreetly that the PLA has never had a complaint about the impact on community amenity of any of the state's brothels.</p> <p>There were a number of key initiatives during 2016-17. The PLA engaged with the QPS on stakeholder concerns over the scale and impact of illegal prostitution and will establish regular meetings in 2017-18. It continued its engagement with the Department of Justice and Attorney-General on its proposed technical amendments to the Prostitution Act, which were passed by the Queensland Parliament. These amendments will enhance the operational efficiency of the PLA. The <i>Guidelines about the approved form for prostitution advertising</i> were reviewed and updated. Work was commenced on a multilingual format of the guidelines. The PLA website was updated. Work has commenced to update existing multilingual resources available to clients and sex workers of brothels to inform and enhance understanding of relevant issues pertaining to sex worker rights and sexual servitude. The <i>Operational Standards Manual</i> was also published in a multilingual format.</p>				
Financial reporting	Not exempted from audit by the Auditor-General. Transactions of the entity are accounted for in the financial statements.				
Remuneration					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received
Chairperson	Marshall Irwin	8	\$10,000 pa (plus superannuation)	N/A	\$8,002 (including superannuation)
Member	Assistant Commissioner Paul Stewart	8	N/A	N/A	\$0
Member	Kathleen Florian	8	N/A	N/A	\$0
Member	Diane Rowling	7	N/A	N/A	\$0
Member	Paul Tully	7	\$7,000 pa (plus superannuation)	N/A	\$7,663 (including superannuation)
Member	Margaret Grummitt	7	\$7,000 pa (plus superannuation)	N/A	\$1,798 (including superannuation)
Member	Lynette Palmen	7	\$7,000 pa (plus superannuation)	N/A	\$7,663 (including superannuation)
Member	Frances de la Cuesta Hunt	8	\$7,000 pa (plus superannuation)	N/A	\$7,663 (including superannuation)
No. scheduled meetings/sessions	11 Note – Eight meetings were held during the year. The Chairperson of the PLA, Mr Marshall Irwin, resigned on 17 March 2017. The office was vacant for the remainder of the year. The PLA received legal advice that it could not meet in the absence of a Chairperson. The last meeting for 2016-17 was held on 6 March 2017.				
Total out of pocket expenses	\$0				

Appendix 2 - Compliance Checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister 	ARRs – section 7	2
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 9.1	1, 3
	<ul style="list-style-type: none"> Public availability 	ARRs – section 9.2	Inside Front Cover
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	Inside Front Cover
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 9.4	Inside Back Cover
	<ul style="list-style-type: none"> Information Licensing 	<i>QGEA – Information Licensing</i> ARRs – section 9.5	N/A
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 10.1	4,5
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 10.2	6, 7, 8
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 10.3	16, 17
Non-financial performance	<ul style="list-style-type: none"> Government’s objectives for the community 	ARRs – section 11.1	7
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 11.2	N/A
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 11.3	19
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 11.4	14
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1	12, 13
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 13.1	7
	<ul style="list-style-type: none"> Executive management 	ARRs – section 13.2	5, 7, 49
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 13.3	N/A
	<ul style="list-style-type: none"> <i>Public Sector Ethics Act 1994</i> 	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	20
	<ul style="list-style-type: none"> Queensland public service values 	ARRs – section 13.5	N/A

Summary of requirement	Basis for requirement	Annual report reference
Governance – risk management and accountability	• Risk management	ARRs – section 14.1 20, 21
	• Audit committee	ARRs – section 14.2 21
	• Internal audit	ARRs – section 14.3 21
	• External scrutiny	ARRs – section 14.4 21
	• Information systems and recordkeeping	ARRs – section 14.5 21, 37
Governance – human resources	• Workforce planning and performance	ARRs – section 15.1 36
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FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

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