



**PROSTITUTION  
LICENSING  
AUTHORITY**

annual report 02-03

# LETTER OF TRANSMISSION //

October 2003

The Hon Anthony McGrady MP  
Minister for Police and Corrective Services and  
Minister Assisting the Premier on the Carpentaria  
Minerals Province

PO Box 195  
Brisbane Albert Street Qld 4002

→ Dear Minister

The Prostitution Licensing Authority is pleased to present our Annual Report for the financial year 2002–03. The report fulfils the requirements of section 109 of the *Prostitution Act 1999* and section 46J of the *Financial Administration and Audit Act 1977*.

Yours sincerely

Mr W J Carter QC  
**Chair**

Mr L Pollard  
**Member**

Dr I Wilkey  
**Member**

Assistant Commissioner J McDonnell  
**Member**

Cr A Bennison  
**Member**

Mr J Callanan  
**Member**

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## ABBREVIATIONS //

ADC	Anti-Discrimination Commission
CMC	Crime and Misconduct Commission
EEO	Equal employment opportunity
FAM	Finance and Administration Manual
ICT	Information and communication technology
IDAS	Integrated Development Assessment System
ISSC	Information Security Steering Committee
IT	Information technology
LGAQ	Local Government Association of Queensland
PAC	Prostitution Advisory Council
PETF	Prostitution Enforcement Task Force (Queensland Police Service)
PLA	Prostitution Licensing Authority
QPS	Queensland Police Service
SLA	Service level agreement
SQWISI	Self-Health for Queensland Workers in the Sex Industry
STIs	Sexually transmissible infections



→ MESSAGE  
FROM THE  
CHAIR

## CHAIR'S REPORT //

- This is the third and last annual report of the Prostitution Licensing Authority (PLA) as presently constituted, since by the time the next annual report is required for presentation to the parliament my appointment as chair of the authority and that of the current members will have expired.
- We were appointed to constitute the first membership of the statutory body established by section 101 of the Prostitution Act. Whilst it has good reason to be well satisfied with its performance of the challenging brief entrusted to it by the Prostitution Act and the government, one must also record a significant measure of disappointment at the authority's inability to achieve all of its original expectations.
- The decision by government to regulate and control prostitution in Queensland was made for sound social and community reasons. Most, if not all, state governments now have legislation in place or have introduced legislation into their parliaments.
- The sex industry in Queensland, as in other states, is large, well organised and for the most part commercially profitable. The licensed or legalised industry which is now three years old in Queensland occupies only a miniscule portion of the wider industry. My hope and expectation at the beginning was that the Prostitution Act would be seen by the sex industry in Queensland as a desirable initiative and would entice those operating illegally to apply for a brothel licence and, as our first annual report noted, would come out of the shadows and into the light. But that has not happened. In three years the authority has granted 31 licences<sup>1</sup> and at 30 June 2003 only 12 licensed brothels are operating throughout the state. Our forecasts for the future development of the licensed industry have had to be downgraded and this in turn will also have a significant impact on the capacity of the authority to become self-funding.
- The objectives of the legislation are the sexual health of the community, the safety of and the provision of a safe and appropriate working environment for sex workers. It is also an effective anti-corruption measure. These are desirable community outcomes

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<sup>1</sup> This comprises approval for 24 new applications and seven renewal applications.

and underpin any effective legislative scheme for the proper regulation and control of prostitution.

- The challenge therefore is to design the most effective legislative framework to achieve these desired outcomes.
- The Crime and Misconduct Commission (CMC) has the special statutory obligation under the Prostitution Act to report to the parliament after 30 June 2003 on the 'effectiveness' of the Prostitution Act after its first three years of operation. That report should provide a valuable and independent assessment of the effectiveness of the Act so far.
- The day-to-day experience of the authority and its officers convinces us that the time is ripe for a thorough legislative review of the Prostitution Act to enable it to become a more effective and efficient vehicle for the proper regulation and control of prostitution.
- I must very humbly and graciously express my gratitude to my authority colleagues for their superb commitment to the proper performance of their often difficult and ever-challenging role. It is for me a bonus to know them now as friends. Likewise the small but efficient staff of the authority deserves our special thanks and indeed that of the wider community. They have done themselves great credit in this area of public service.
- Finally it would have been well-nigh impossible to achieve what we have without the support of the Police Commissioner and his officers, especially those attached to the Prostitution Enforcement Task Force (PETF), with whom the authority enjoys a harmonious working relationship. So too with Queensland Health and Self-Health for Queensland Workers in the Sex Industry (SQWISI), which is now under the capable leadership of Ms Cheryl Matthews. They have given us their continued and valuable support. To you all a very sincere thank you.

W J Carter QC  
Chair

## REGISTRAR'S REPORT //

→ The authority is now three years old. While reflecting on the year in review one of the most significant achievements was the emergence of a small but effective compliance unit which joined the team. However, it is with sadness that I realise the close of the year also brings us closer to the end of duty for some members of the authority.

→ It has been my very great pleasure to have worked for and with the members who make up the authority. While learning comparisons are sometimes hard to quantify in our different experiences in the public sector, there is no doubt in my mind that three years ago the task of building an organisation from the ground up, recruiting suitable staff and communicating a vision and a sense of direction and purpose to those staff, familiarising oneself with an extraordinary industry and forming constructive and solid relationships with stakeholders based on mutual respect has been my great challenge.

→ While I had the determination and tenacity to get it right, there was enormous pressure to get it right first time and to that end my unreserved thanks go to the members of the authority for their professional input and, in particular, Bill Carter, whose tireless support and efforts assisted us in our pursuit of the highest standard of work ethic, commitment to task and quality of outcome. Bill's ability to look inward and outward and quietly direct us on this journey was exceeded only by his forthrightness, passion and unfaltering commitment to achieve and be the best we can be.

→ So, while the membership of the authority may soon change, their contribution to the success of this administration will be remembered and built on with grateful thanks.



W J Carter QC  
Chair



Margaret Isaac  
Registrar





→ WELCOME  
TO THE PLA +  
HIGHLIGHTS  
OF THE YEAR

# WELCOME TO THE PROSTITUTION LICENSING AUTHORITY //

## OUR PURPOSE

→ To regulate prostitution in Queensland by implementing the Prostitution Act.

## REPORTING STRUCTURE AND ORGANISATION

→ The PLA employs eight officers under the *Public Service Act 1996* to support the work of the PLA. Staff of the PLA are managed by the registrar, who in turn reports to the PLA. The PLA reports to the Minister for Police and the parliament.

Figure 1: PLA organisational structure



We administer two non-departmental outputs:

1. Brothel licensing and monitoring prostitution through licensed brothels.
2. Advice on and to the sex industry.

## THE PLA

The Prostitution Act establishes the PLA and prescribes its membership, which must include:

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

## Role of the PLA

The PLA decides applications for brothel licences and managers' certificates. In addition, the PLA is responsible for:

- Monitoring the provision of prostitution through licensed brothels
- Conducting probity investigations into licence and certificate applications
- 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
- Liaising with local authorities
- Collecting fees under the Prostitution Act
- Informing relevant government departments and agencies about possible offences that are detected while carrying out its functions
- Informing the Prostitution Advisory Council (PAC) about issues and trends relevant to its functions
- Approving advertising for prostitution
- Maintaining a licence and certificate register
- Providing support to the independent assessor
- Assisting the CMC with its review of the Prostitution Act.

#### Current membership

→ The current members<sup>2</sup> of the PLA were appointed by Governor-in-Council for varying terms. All members of the PLA will conclude their term of appointment in May 2004.

#### Mr Bill Carter QC, Chair

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

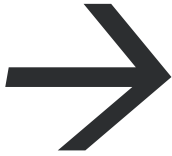
#### Assistant Commissioner John McDonnell

→ Mr McDonnell is the current and inaugural head of the Ethical Standards Command in the Queensland Police Service (QPS), and has served with the service since he joined in the early 1960s. Among his many appointments within the QPS, Mr McDonnell has served with the United Nations Peacekeeping Force in Cyprus, the Fitzgerald Implementation Unit and was the Director of Operations, Criminal Justice Commission. He was awarded the Australian Police Medal in January 1994. Mr McDonnell is an officer of at least the rank of superintendent, and has been nominated by the Police Commissioner as his representative. Mr McDonnell was appointed for four years.

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<sup>2</sup> One member of the PLA is a woman, representing 17 per cent of the membership





#### Mr John Callanan

→ Mr Callanan is the Assistant Commissioner, Crime, of the CMC. He is involved in a wide range of responsibilities and functions at the senior executive level of the CMC and the management and coordination of investigations into criminal paedophilia, major crime and organised crime. Prior to his appointment as Assistant Crime Commissioner of the Queensland Crime Commission, and later Assistant Commissioner, Mr Callanan had over twenty years' experience in the criminal justice system as a Crown prosecutor, as a barrister in private practice on the Prosecutions Task Force and for the Office of Special Prosecutor. He was also counsel for the Fitzgerald Inquiry. Mr Callanan was appointed for two years.

#### Mr Lance Pollard

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

#### Dr Ian Wilkey

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

#### Cr Ann Bennison

→ Cr Bennison is the Brisbane City Council member for Enoggera Ward and an Executive Member and Treasurer for the LGAQ. Cr Bennison has represented Enoggera Ward since 1994, before which she was a trade union official with the Australian Bank Employees Union and the Queensland Teachers' Union. Cr Bennison was appointed as a senior representative of the LGAQ as required by the legislation, and her appointment was for two years and five months.



**Meetings and special meetings**

→ The PLA held 14 ordinary meetings over the financial year 2002–03.

Table 1: Attendance at meetings of the PLA, 2002–03

Name	Number attended (n=14)
L. Pollard	14
W. Carter (Chair)	13
J. McDonnell	13
J. Callanan	12
I. Wilkey	12
A. Bennison	10

→ There were also four special meetings of the PLA held, as follows:

- The PLA met twice to consider specific applications
- The Code of Practice Sub-committee was convened once to finalise the document *Health and Safety Guidelines for Brothels*
- The PLA held a special meeting in January 2003 to consider the budget.

**Remuneration**

→ The chair and members of the PLA were paid \$50,508 during the financial year 2002–03, as determined by the Governor-in-Council.

**HIGHLIGHTS OF THE YEAR //**

Month	Event
August	The prostitution monitoring program commences (see page 29).
September	Conducted an information forum for licence and certificate applicants.
October	<i>Health and Safety Guidelines for Brothels</i> document approved and issued to all licensees.
November	Compliance unit established. Recruitment of compliance officers commences.
December	First PLA newsletter <i>In Touch</i> distributed to licensees, managers, brothel workers and other key stakeholders. First Sunshine Coast brothel commences operation.
January	Training survey sent to all licensees, approved managers and other brothel workers. Two compliance officers appointed to the PLA and the compliance program established.
February	Second Sunshine Coast brothel commences operation. PLA establish an information booth at SEXPO.
March	Probity Investigation Manual approved by the PLA.
April	Complaint handling and investigation policy approved by the PLA. Formal communication strategy for key stakeholders established.
May	Advertising policies reviewed and reissued to licensees and print publications. Brothel licence conditions reviewed and reissued to all licensees.
June	Fourth Brisbane brothel commences operation. Advertising surveillance strategy approved and implemented.



**→ OUR  
PERFORMANCE**

## OUR PERFORMANCE //

→ Below is a description of outcomes achieved from last year’s projected activities.

What we said we would do	What we did
<b>1. Brothel licensing</b>	
Review and assess ways to reduce the average time for processing brothel licence and manager’s certificate applications.	We conducted a risk review of the processing of applications. Improvements were identified and implemented.
Establish a formal communication strategy for brothel licensees and managers.	A formal communication strategy was approved by the PLA in April 2003.
Establish a mechanism for publicising independent assessor appeal decisions.	We published the independent assessor appeal decisions on our website.
<b>2. Brothel monitoring</b>	
Establish the compliance program.	The formal compliance program was developed and approved by the PLA in May.
Recruit and train two compliance officers.	Two compliance officers started work at the PLA in January 2003.
Establish liaison with relevant agencies.	The compliance officers have met with key stakeholders and have established a network of departmental contacts.
<b>3. Advertising prostitution</b>	
Establish a monitoring program for prostitution advertising.	The monitoring program was established.
Establish a database to record all advertising requests, approvals and refusals.	The database was established.
Review the brothel and sole operator advertising policies.	We conducted a review in March 2003 and new policies were approved by the PLA in May.
Continued consultation with Yellow Pages with regard to appropriate placement of brothel advertisements.	We reached agreement with the Yellow Pages for appropriate placement of brothel advertising.
<b>4. Liaison and assistance</b>	
Review the complaint handling policy.	We reviewed the complaint handling policy in March 2003 and new procedures were established in May.
Establish a complaint investigation policy.	We included a substantial section on complaint investigation procedures in the new complaint handling policy.
Assess alternatives for recording and tracking complaints.	We adopted a new tracking system in March 2003.

<b>5. Corporate support</b>	
Develop a Workplace Health and Safety Policy.	We developed and established a Workplace Health and Safety Policy in November.
Revise and enhance the Risk Management Policy and the Protective Security Manual.	We revised and enhanced both the policy and the manual and integrated them into the Finance and Administration Manual (FAM).
Document practice statements for the FAM.	We began documenting practice statements in January 2003 and concluded in June.
Implement training for Systems, Accounting and Products in Data Processing (SAP) processes including management reporting.	Training was undertaken.
Review and finalise the service level agreement (SLA) between the PLA and the QPS.	We reviewed and finalised the information technology (IT) SLA.
Develop a business-oriented solution to manage the processing of applications, inquiries, complaints, audits and inspections.	We reviewed all these procedures and have streamlined the recording and resolution of applications, inquiries, complaints, audits and inspections.
Obtain desktop access to the internet for staff members.	All staff members, except for the new compliance officers, now have desktop access to the internet.
Provide further training for staff in specialised software applications.	Two staff members have been trained in the use of web design software.
Implement 'family-friendly' and 'people-friendly' initiatives where appropriate.	We have established a series of staff social activities and several team-building events have also been initiated.
Implement a management system for media reports from Media Monitors.	We have categorised media reports and made them available to members of the public through our library.

## FINANCIAL PERFORMANCE SUMMARY

### Revenue

→ The major sources of our revenue each year are a government grant from an administered appropriation received by the QPS and fees. In 2002-03 the grant was \$755,000 representing 75.4% of our revenue (2001-02, 79.7%) and fees were \$205,425 representing 20.5% (2001-02, 16.2%).

### Expenses

→ Expenses were \$1,015,185 compared to \$883,152 in 2001-02. During our third year of operation, we increased our staffing structure by one-third and the prostitution monitoring program was implemented.

### Assets

→ Our total current and non-current assets increased from \$872,305 to \$970,816 during 2002-03. Current assets increased by \$49,260 due to an increase

of \$102,265 for cash assets which was offset by a decrease of \$53,005 in an unexpended advance and other receivables. Non-current assets increased by \$49,251 mainly due to purchases of property, plant and equipment.

### Liabilities

→ Current liabilities increased from \$192,088 to \$305,085. The increase of \$112,997 was due to a change in accounting policy for licence and certificate applications and there was an increase in employee leave entitlements arising from annual leave available but not taken.

### Equity

→ The year ended in a decrease in net equity from \$680,217 at 30 June 2002 to \$665,731 on 30 June 2003.

## KEY PERFORMANCE MEASURES

→ Leading up to the 2002–03 financial year the PLA established some key performance measures to benchmark its corporate performance. We reported these measures to the public and to the parliament through the state budget process. The following table shows our key performance indicators, the expectations we had about our performance at the beginning of the financial year, and the performance we actually achieved over the year.

Table 2: Key performance measures, 2002–03

Measures	What we said we would achieve	What we achieved
1. Number of licensed brothel premises operating	19	12
2. Number of brothel and certificate applications received	60	66
3. Number of brothel and certificate applications approved	55	55
4. Percentage of complaints resolved	85%	91%
5. Number of compliance audits/inspections of licensed brothels conducted <sup>3</sup>	36	22
6. Number of licensed brothels implementing safety and security arrangements <sup>4</sup>	19	12
7. Number of brothels requiring six-weekly health certificates <sup>5</sup>	19	12
8. Number of complaints by police about the quality of information provided by the PLA for probity investigations	0	0
9. Satisfaction of SQWISI with liaison between the PLA and the sex industry	80%	100%
10. Applications processed within the PLA and forwarded to the QPS within 30 days	90%	100%
11. Advertising requests processed within 30 days	90%	98%
12. Complaints to the PLA about prostitution resolved within 30 days	85%	89%

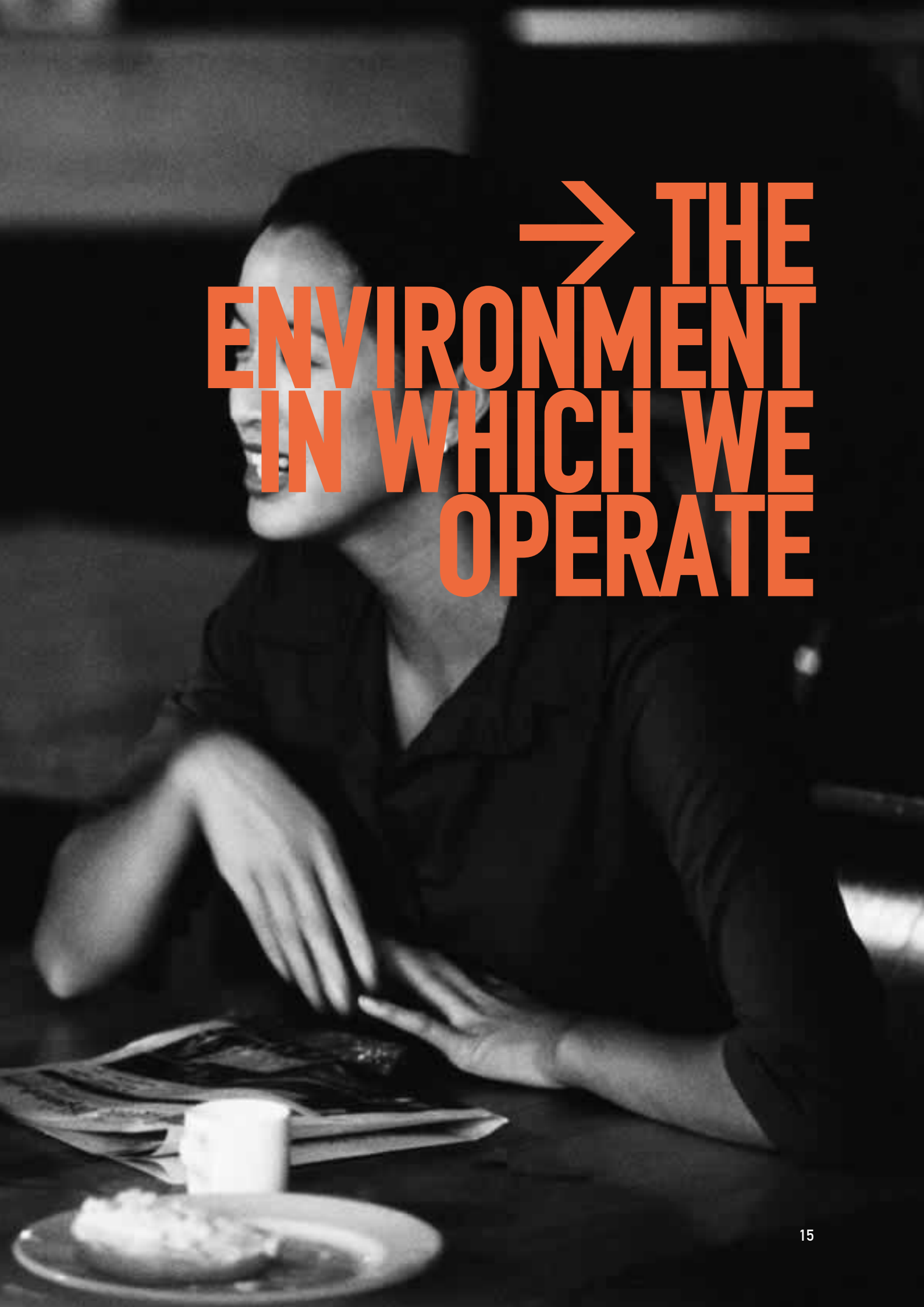
## STATISTICAL HIGHLIGHTS

- 12 brothels operating in Queensland
- 31 brothel licences and 56 managers' certificates granted to date in relation to brothels in Queensland
- 23 approvals by local authorities for development approval for a change of use of premises to become a brothel
- 138 individuals applied for a brothel licence or manager's certificate
- 16 police entries made to six licensed brothels
- 848 advertisements lodged with the PLA for approval, with 827 granted approval (98%)
- 1,341 inquiries responded to
- 92 complaints responded to.

<sup>3</sup> The compliance officers did not commence duty until January 2003.

<sup>4</sup> All Queensland's legal brothels have implemented safety and security arrangements.

<sup>5</sup> All Queensland's legal brothels require evidence of six-weekly sexual health certificates from sex workers.



→ THE  
ENVIRONMENT  
IN WHICH WE  
OPERATE



## THE ENVIRONMENT IN WHICH WE OPERATE //

### LEGISLATING FOR THE EFFECTIVE CONTROL AND REGULATION OF PROSTITUTION

→ The more effective the legislative scheme for the control and regulation of prostitution is, the greater the chance of success for addressing community sexual health as well as issues relating to employment in the sex industry, the safety of sex workers and the corruption which is inevitably associated with illegal prostitution. The community and parliaments have addressed these issues by the regulation of the sex industry and, although the regulatory frameworks operate in various ways in different places, they present a fairly consistent paradigm.

→ This is a difficult and controversial area of legislative intervention and it is understandable that the legislators in this country have not been of one mind in defining the form that the regulatory regime should take. The Queensland legislation is based on, but is different from, that of Victoria. The West Australian model, which is currently before the parliament of that state, is a hybrid of both. These states seek to regulate and control through a system of licensed brothels. Except in Queensland, the regulatory regime includes outcall agencies. On the other hand, New South Wales uses local authorities to regulate brothels and the Australian Capital Territory has a less rigorous system of registration.

→ Licensees claim that illegal brothels and other like agencies have a grossly unfair commercial advantage over licensed brothels. They claim there is little incentive for participants in the illegal industry to accept the controls inherent in the current licensing system. The annual report of the PLA 2001–02 dealt with this issue in greater detail. The authority maintains the view expressed, in particular in relation to the servicing of out-calls which continues to represent a large part of the industry.

→ The Prostitution Act could better reflect modern business practice with respect to the ownership of a business. There are good policy reasons for requiring transparency in the ownership of licensed brothels and this requirement can still be achieved by

allowing a licensed brothel business to be conducted through the corporate structures available to other lawful businesses. This constraint against corporate structures does not apply in other jurisdictions. In recent months Daily Planet Ltd, owner of the largest commercial brothel business in Victoria, was floated as a public company. Where brothel businesses are unable to use normal commercial structures, there is a risk that the owners of licensed brothel businesses will try to devise alternatives, making administration of the Act unnecessarily difficult and complex for the licensing authority, probity investigators, law enforcement officers and brothel owners.

→ The size and location of licensed brothel premises is properly a subject for regulation and control. However, participants in the legal industry express concerns about the commercial viability of a five-room business and its impact on their financial viability. They argue that licensed brothels must be reasonably attractive commercial enterprises if they are to displace illegal prostitution.

→ In New South Wales, where control is effected through town planning legislation applied by local government, the permissible size of the business varies depending on local circumstances. Development of a 12-room brothel was recently approved at Tweed Heads. Legislation introduced into the West Australian parliament does not fix a room maximum but allows the issue to be determined by local government. The South Australian legislation would have allowed a maximum of eight rooms. The Victorian maximum is six rooms, although older illegal brothels 'deemed' to be legal by the Victorian Act are much larger. For example, The Daily Planet in Melbourne has 18 rooms. The allowable maximum in Queensland is five.

→ Contemporary industrial relations are intended to ensure that those who contribute through work to the success of a business are provided with acceptable working conditions. These issues present particular difficulties with the licensed brothel, given the sensitive and demanding service which the workers deliver to the customers of the business.

→ The Prostitution Act places strict constraints on the number of workers who can be in the brothel at any one time. Experience suggests this is problematic for the objective of providing an acceptable and appropriate workplace. It is argued that the business

needs to roster on to a particular shift a commercially viable number of workers to meet the service requirements of that shift and to allow workers to rest or take time out between clients. On busy shifts, unless the number of rostered workers exceeds the number of rooms, workers will be under pressure from customers, other workers and management to work continuously. If a rostered worker fails to attend for the shift or is unable to complete the shift, other workers will be under pressure to work extended shifts. Restricting the number of workers on the premises presents difficulties with change of shift and effectively prevents workers meeting in the workplace for training, staff meetings and social interaction.

→ There are fundamental elements of legislation which are essential if the framework for the regulation and control of prostitution is to be effective. In recognising the licensed brothel as a legitimate business, the regulatory regime must accommodate the commercial exigencies of the business as well as a contemporary approach to industrial relations.

→ The incidence of street prostitution is a matter of community concern. Street prostitution is very visible and confronting. In commercial areas, street prostitution is seen as a public nuisance and offensive to the amenity of the locality. Sexual health professionals, SQWISI and the authority share the concern that unregulated street prostitution is a fertile ground for the transmission of sexually transmissible infections (STIs). The recent murders of three street sex workers in Brisbane have highlighted the particular hazards to which street prostitutes are exposed.

→ Available evidence shows that many prostitutes who work on the streets are intravenous drug users who need money to satisfy a habit. Others engage in opportunistic sex work to obtain funds to meet some immediate short-term financial crisis. In either case the street worker is driven by compulsion or necessity or both.

→ The report in June 2002 of the Attorney-General's Street Prostitution Advisory Group in Victoria is a comprehensive assessment of the issue which argues for more effective regulation of street prostitution that at the same time addresses the complex social issues inherent in it. Chaired by the Parliamentary Secretary for Justice Richard Wynne MP, the Advisory Group

consisted of representatives of all the major political parties, the City of Port Phillip, police, residents' groups, traders' groups, the sex industry, welfare support agencies and the Department of Justice. A government working group comprising public servants with relevant expertise was also established to resource the Advisory Group with detailed briefings and options. The working group was drawn from the relevant departments, such as Justice, Premier and Cabinet and Human Services and included Victoria Police and the City of Port Phillip.

→ While the work focuses on the St Kilda area, which has become the centre of street prostitution activity in Melbourne, it represents what is replicated in other metropolitan areas including Brisbane.

→ The report provided nine key recommendations including the establishment of tolerance areas, the provision of street worker centres or safe houses for safe service delivery to clients, more effective law enforcement for breaches including the more effective enforcement of nuisance type offences, the availability of diversion options for street workers particularly for those drug addicted, a comprehensive educative and communication strategy and improved amenity and support services. This report provides a holistic solution to what has become a matter of increasing social concern and which cannot and will not be effectively dealt with by law enforcement alone.

→ The Victorian report provides the basis for more effective regulation and control of street prostitution. It offers a meaningful response to the core issues of community sexual health and the safety of sex workers and at the same time minimises the harm to local residents and traders from the confronting behaviour of many of the workers who seek to offer sexual services in public areas and their customers.

→ The PLA has now completed three years of administering the relevant parts of the Prostitution Act. In that time it has become something of a focal point for those involved in the sex industry, legal and illegal. Its views are based on an ever-widening experience and the purpose of this commentary is to inform the parliament, the government and the community of that experience.



→ OUR  
CORPORATE  
GOVERNANCE  
FRAMEWORK

# OUR CORPORATE GOVERNANCE FRAMEWORK //

## APPOINTMENT OF PLA MEMBERS

→ PLA members are appointed by the Governor-in-Council, pursuant to the Prostitution Act, for a period of not more than five years. A person is disqualified from 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 Prostitution Act or a corresponding law
- Becomes incapable of discharging the duties of a member because of physical or mental incapacity
- Has an interest in a brothel.

## THE STRATEGIC PLANNING CYCLE

→ This year we have reviewed our 2001–05 Strategic Plan in compliance with the Financial Management Standard 1997, and have presented the Plan to the Minister for Police for his approval. In support of the Strategic Plan, the PLA has also approved:

- A business plan to cover the 2003–04 financial year
- An Information and Communication Technology (ICT) Resources Strategic Plan for the period 2001–05
- A Procurement Plan for the period 2001–05, which includes a Capital Acquisition Program.

→ The strategic planning cycle in place at the PLA is intended to achieve the following five goals:

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

## ETHICAL AND PROFESSIONAL CONDUCT

→ High standards of ethical conduct continue to be one of our key objectives. The Code of Conduct is our key tool for directing staff in their ethical obligations. In view of the establishment of the new compliance function and concern about the potential risks associated with compliance activities, the PLA conducted a review of the Code of Conduct in December 2002 and approved a revised version of the document. At the initiation of the PLA, the Code of Conduct is also currently under external review by the CMC to ensure it will meet its objectives.

→ A complete review of the FAM has also been undertaken to ensure clear instructions are provided to staff on all administrative and financial matters. A regular briefing on procedures outlined in the FAM has also been introduced at staff meetings.

→ During 2002–03 we introduced a Probity Investigation Manual which provided clear instruction to staff engaged in probity procedures. The manual introduced a new procedure to notify PLA members of the names of individuals associated with brothel licence and manager's certificate applications. The new procedure will enable members to advise the PLA of any potential conflict of interest that may have a bearing on the decision-making process.

## RISK MANAGEMENT

→ Under the former Protective Security Manual, the PLA established an Information Security Steering Committee (ISSC). After reviewing the Protective Security Manual we integrated the document into the FAM by creating two separate chapters – security and risk management – and we reviewed the functions of the ISSC. Under the new risk management chapter of the FAM the newly named Risk Management Steering Committee will be responsible and accountable for the use and application of the PLA's risk management procedures as outlined in the FAM, and will report to the chair of the PLA annually.

→ During the year we conducted a major risk assessment of all PLA operations. The risk assessment involved all staff and focused on the following areas:

- Information/data
- Physical security
- Staff
- Financial systems/records
- Policies and procedures
- Administration
- Relationship with the QPS.

→ We conducted a separate risk assessment of the application processing system in place at the PLA, which ultimately led to the establishment of the Probity Investigation Manual.

## FREEDOM OF INFORMATION AND PRIVACY LEGISLATION

### Freedom of information

→ Section 137 of the Prostitution Act states that the *Freedom of Information Act 1992* does not apply to any document given to or produced by the PLA under the Prostitution Act. However, while members of the public are not permitted access to documents, we have developed and published a statement of the affairs of the PLA in compliance with section 18 of the Freedom of Information Act. The statement of affairs is available from our website and explains:

- Our structure and function
- The effect of our activities on the community
- The extent of community participation in PLA policy formulation
- Documents held by the PLA
- Bodies established to provide advice to the PLA.

→ There were no applications made to the PLA under the Freedom of Information Act during the financial year 2002–03.

### Privacy

→ On 10 September 2001 the Queensland Government approved Information Standard 42 (Information Privacy) which introduced a new administrative privacy regime into the public sector. The aim of introducing these new privacy arrangements is to protect all forms of personal information held in the Queensland public sector from being lost, misused or inappropriately modified or disclosed.

→ In compliance with Information Standard 42, we developed and introduced a privacy plan during 2002–03. The plan is published on the PLA website and outlines the types of personal information we collect<sup>6</sup>, the disclosure of and access to information and how information is stored and disposed of. The privacy plan also establishes a procedure for individuals who wish to make a complaint about our management of personal information.

## EXTERNAL AUDIT

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

## INTERNAL AUDIT

→ As we are a small office with a limited budget, we have implemented a framework for regular systems appraisals instead of a separate internal audit function. Systems appraisals, which will be conducted once every three years at a minimum, aim to assess the appropriateness of systems and procedures and the proper functioning of internal controls. The systems appraisals are undertaken in conjunction with the broader risk management process.

→ During 2002–03 the following PLA systems were reviewed:

- Current asset management
- Non-current asset management
- Cash management and banking
- Revenue management
- Expense management
- Liability management
- Budgeting
- Planning
- Management.

→ A report on the systems appraisal, which provided recommendations to address identified risks, was submitted to the registrar. It is intended that all recommendations will be implemented over the 2003–04 financial year.



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<sup>6</sup> Personal information is held about employees, licence and certificate applicants and individuals who lodge an appeal with the Independent Assessor.



→ OUR  
BUSINESS



## OUR BUSINESS //

### BROTHEL LICENSING

→ The number of operational brothels in Queensland increased by five this financial year, with two new brothels opening on the Sunshine Coast and one each in Mackay, Townsville and Brisbane. We also licensed another three brothels which have not opened for business yet (see table 5). To date there have been 31 brothel licences<sup>7</sup> and 56 managers' certificates granted, with 37 individual applications under active investigation (refer to table 4).

Table 3: Applications received by the PLA to 30 June 2003

Applications received	Brothel licences		Managers' certificates	
	New	Renewal	New	Renewal
Received during 2000–01	11	-	11	-
Received during 2001–02	19	-	36	-
Received during 2002–03	11	13	32	12
<b>TOTAL</b>	<b>41</b>	<b>13</b>	<b>79</b>	<b>12</b>

Table 4: Status of all applications received to 30 June 2003

Status	Brothel licences		Managers' certificates	
	New	Renewal	New	Renewal
Approved	24	7	49	7
Withdrawn prior to consideration	4	0	16	0
Under investigation	15	3	14	5
Refused	1	0	0	0
<b>TOTAL</b>	<b>44</b>	<b>10</b>	<b>79</b>	<b>12</b>

Note: Numbers represent individual people rather than brothel sites.



<sup>7</sup> Brothels may be owned by more than one individual, each of whom must have a brothel licence, and each of whom must reapply for the licence each year. The number of brothel licences therefore exceeds the number of licensed brothels.



Table 5: Licensed brothels

Address	Name of brothel	Date opened	Telephone contact
<b>Brisbane City Council</b>			
175 Abbotsford Rd, Bowen Hills	Purely Blue	17.08.01	3854 0366
120 Robinson Rd, Geebung	Truely Elegance	02.05.02	3856 6010
945 Fairfield Rd, Yeerongpilly	The Viper Room	17.05.02	3392 7070
88 Logan Rd, Woolloongabba	88 on Logan	13.06.03	3891 1198
12 Nile St, Woolloongabba	Not yet decided	Not yet in operation	
22 Brewer St, Clontarf	Intimate Encounters	Not yet in operation	
<b>Gold Coast Shire Council</b>			
44 Upton St, Bundall	Silks on Upton	12.03.02	5538 2088
30 Jade Dve, Nerang	Pentagon Grand	12.04.02	5597 0777
12 Greg Chappel Dve, Andrews	Black Orchid	09.03.02	5522 1400
29 Expansion St, Nerang <sup>8</sup>	Essential Pleasures/ Marilyn's Gentleman's Retreat	10.03.02	5597 1188
<b>Maroochy Shire Council</b>			
14 Avian St, Kunda Park	Moulin Rouge	13.12.02	5476 5044
13 Cessna St, Marcoola	Intrigue of Marcoola	14.02.03	5450 7577
<b>Mackay City Council</b>			
39 Enterprise St, Paget	Club 7 on Enterprise	08.07.02	4952 6767
<b>Townsville City Council</b>			
17 Hugh Ryan Dve, Garbutt	Australian Maid	01.07.02	4725 5888
13 Carmel St, Garbutt	Bluebirds on Carmel	Not yet in operation	

### Development approval

→ In Queensland the location of brothels is a matter for local government, subject to the provisions of the Prostitution Act. Under the Prostitution Act, the assessment manager for a development application must grant approval for development of a brothel in an industrial area if the premises are:

- Greater than 200 metres distance (measured according to the shortest lawful route) from a residential area or an area intended to be residential
- Greater than 200 metres distance (measured according to the shortest lawful route) and greater than 100 metres (measured in a straight line) from any residential building, place of worship, hospital, school, kindergarten, or any other place regularly frequented by children for recreational or cultural purposes

- Not more than five working rooms
- Able to comply with the Integrated Development Assessment System (IDAS) Code for development applications for a brothel (the code includes requirements about car parking, lighting, signage and the like).

<sup>8</sup> During the financial year 2002–03 the brothel at 29 Expansion St, Nerang changed ownership. The brothel was renamed 'Marilyn's Gentleman's Retreat'.

→ By the end of the 2002–03 financial year there had been 42 applications made to local government in Queensland for development approval for a brothel, mostly for premises in Brisbane and the Gold Coast (see table 6). Of all these applications, just over half

have been granted. There are seven premises in Queensland which have been granted development approval for a brothel but which have not yet been licensed by the PLA to operate as a brothel (table 7 lists these locations).

**Table 6: Development approval applications for brothel premises**

Council	Approved	Refused	Withdrawn/ Lapsed	Pending	TOTAL
Brisbane	6	1	3	1	11
Gold Coast	5	2	3	1	11
Townsville	3	-	1	-	4
Cairns	1	1	2	-	4
Logan	2	-	-	-	2
Maroochy	2	-	-	-	2
Toowoomba	-	2	-	-	2
Redcliffe	1	-	-	-	1
Rockhampton	1	-	-	-	1
Mackay	1	-	-	-	1
Gladstone	1	-	-	-	1
Noosa	-	-	1	-	1
Douglas	-	-	1	-	1
<b>TOTAL</b>	<b>23</b>	<b>6</b>	<b>11</b>	<b>2</b>	<b>42</b>



**Table 7: Council-approved brothel premises which have not been licensed**

Local authority	Address
Brisbane	1/9 Alton St, Coopers Plains
Logan	24 Magnesium Dve, Crestmead
Logan	3509 Pacific Hwy, Slacks Creek
Gold Coast	37 Upton St, Bundall
Rockhampton	17 Bush Cres, Parkhurst
Gladstone	48 Callemondah Dve, Clinton
Townsville	28 Leyland St, Garbutt
Cairns	7 Owen Cl, Portsmith

→ The independent assessor was established and appointed in December 2001 to hear and decide appeals about local government decisions on development applications for brothels. The independent assessor, Mr Stephen Keim, decided two appeals during 2002 which were lodged during the last financial year (both appeals were upheld). There have been no new appeals lodged with the independent assessor this financial year, although he reviewed conditions attached by a local authority to a decision by the independent assessor to grant development approval.



### Mr Stephen Keim

→ Stephen Keim is a barrister of 17 years' experience and has practised in Brisbane throughout that time. In addition to his professional work as a barrister, he has served in a number of positions including as president of the Legal Aid Commission, member of the Queensland Anti-Discrimination Tribunal, member of the Land Court and deputy chairperson of the Land Tribunal. Mr Keim has also chaired a task force addressing the fisheries management needs of Moreton Bay. He is a member of the committee of the Kedron Districts Lions Junior AFL Club.

### Exempt towns

→ The Prostitution Act allows the local government of towns with a population of 25,000 or less to make an application to the Minister for Police for the right to refuse any development application for a brothel in their local government area. To date there are 204 towns in Queensland that have received approval from the Minister for Police to refuse development approval for a brothel (see appendix 1 for a list of all towns that may refuse an application for development approval for a brothel).

### Outlook for 2003–04

→ We will continue to work closely with PETF to manage the application process. We are determined to ensure an effective and customer-oriented licensing procedure. To achieve improvement in efficiency and accountability for application processing we will:

- Review and update the probity process for licensing through the Probity Investigation Manual
- Review and update the renewal process for brothel licences and managers' certificates
- Develop an Appeal Procedures Manual to document the role of the registrar for appeals to the independent assessor.

## MONITORING AND COMPLIANCE

### The compliance program

→ Following the state government's approval during the 2001–02 financial year, we established a dedicated compliance unit staffed with two compliance officers. Our capacity to monitor licensed brothels has been significantly enhanced with the recruitment of the compliance officers, who commenced in January 2003.

→ The core role of the compliance unit is to ensure brothel licensees and managers meet their obligations in managing Queensland's licensed brothels. The compliance officers have provided guidance and monitoring to licensees during and beyond the initial approval process to ensure the requirements of the Prostitution Act, Prostitution Regulation 2000, brothel licence conditions and the *Health and Safety Guidelines for Brothels* are met through:

- Regular auditing of licensed brothels including the examination of financial records, policies and procedures, inspection of working rooms, staff areas, reception and waiting areas, outdoor areas and interviews with staff and sex workers
- Surveillance of advertising material
- Management of complaints
- Identification of strategies for the ongoing development of the compliance program.

→ Since they started work, the compliance officers have reviewed all compliance protocols and established new office systems to facilitate a more effective compliance program. In addition, they have commenced liaison with key stakeholders on a range of compliance activities. The compliance unit has completed an operational and financial audit for each licensed brothel in Queensland and provided a full report to the PLA. Concerns about security arrangements in brothels prompted the compliance officers to conduct a survey of licensees about security measures in place at brothel premises. The survey results have assisted in ensuring that licensees are considering appropriate security arrangements.

→ Additional functions assigned to the compliance unit include management of the complaint system and of the prostitution advertising monitoring program (introduced in June 2003).

There are four areas of focus for the compliance program.

### 1. Infectious disease control

**Aim:** To ensure measures are in place to control the spread of infectious disease and to provide harm minimisation strategies in relation to risk activities.

Compliance function	Outcomes
<ul style="list-style-type: none"> <li>■ Cleanliness of premises and general facilities</li> <li>■ Training of staff in the identification of STIs</li> <li>■ Provision of personal protective equipment</li> <li>■ Safe sex</li> <li>■ Sexual health checks for workers</li> <li>■ Information on STIs is provided to clients</li> <li>■ Cleaning arrangements for showers, spas, toilets, linen and non-disposable equipment</li> <li>■ Management of clinical waste</li> </ul>	<ul style="list-style-type: none"> <li>■ Sex workers have current sexual health certificates while working</li> <li>■ Premises are cleaned and maintained to appropriate standards</li> <li>■ Personal protective equipment is readily available and stored appropriately</li> <li>■ Clients and workers engage only in safe sex practices</li> <li>■ Harm minimisation principles are adopted through the appropriate disposal of clinical waste and sharps</li> </ul>

**2. Policies and procedures**

Aim: To ensure operational plans, policies and procedures are developed by the licensee to address all operational and management areas.

Compliance function	Outcomes
<p>Assess and provide advice on the development of policies and procedures for the following general areas:</p> <ul style="list-style-type: none"> <li>■ Business operations</li> <li>■ Employment of staff and engagement of sex workers</li> <li>■ Workplace health and safety</li> <li>■ Sexual health management</li> <li>■ Cleaning/sanitising procedures</li> <li>■ Waste management</li> </ul>	<ul style="list-style-type: none"> <li>■ Comprehensive and operational policies and procedures are established</li> <li>■ Information contained within the policies and procedures is actively adopted by licensees, managers, staff and workers</li> </ul>

**3. Safety and security**

Aim: To ensure risks to safety and security are identified within and external to the brothel. Measures are required to be adopted by the licensee to control risks to sex workers, staff and clients.

Compliance function	Outcomes
<p>Assess control measures for:</p> <ul style="list-style-type: none"> <li>■ Violent or dangerous behaviour from clients entering the brothel, including alcohol and drug-induced behaviours</li> <li>■ Personal danger to workers from clients when within the working rooms</li> <li>■ Risks to workers arriving and leaving the premises</li> <li>■ Risk reduction measures including: video surveillance, lighting external to the brothel, availability and operation of duress alarms within the working rooms and other relevant areas, policies for, and training of staff and workers to manage safety and security matters</li> </ul>	<ul style="list-style-type: none"> <li>■ Risk assessments are completed annually for each licensed brothel</li> <li>■ Policies concerning matters of safety and security are available and reviewed regularly</li> <li>■ Incident and accident reports document safety and security breaches and remedial action taken</li> <li>■ Duress alarms, video equipment and lighting are operational and maintained</li> <li>■ Information regarding STIs is readily available to workers and clients</li> </ul>



	Outcomes
<ul style="list-style-type: none"> <li>■ Assess the suitability of duress alarms and other safety measures to provide safety to workers</li> <li>■ Policies, procedures and lighting are available to assist workers in the assessment of clients for the presence of STIs</li> <li>■ Personal protective equipment is readily available to workers</li> <li>■ Suitable disposal facilities are available for the disposal of clinical waste</li> </ul>	<ul style="list-style-type: none"> <li>■ Safety measures in the rooms are in place and operational</li> <li>■ Workers can assess clients for the presence of STIs and provide general information regarding places for treatment if required</li> <li>■ Workers can refuse to provide services where a risk is identified</li> <li>■ Safe sex is practised at all times</li> <li>■ Disposal of clinical waste complies with approved standards</li> </ul>

### Police entries to licensed brothels

→ During the year we received advice from police, as required under section 61 of the Prostitution Act, about 16 police entries to six licensed brothels, detailed below.

Table 8: Police entries to licensed brothels

Brothel	Number of visits
Purely Blue	8
Pentagon Grand	3
Essential Pleasures	2
Viper Room	1
Silks on Upton	1
Truely Elegance	1
TOTAL	16

### The prostitution monitoring program

→ During the year we designed and funded a major initiative to inform the PLA and PAC about trends and issues relating to the sex industry in general and to monitor the operation and effectiveness of the Prostitution Act. Early in the life of the PLA we recognised the existing literature on the sex industry was insufficient for the purposes of the PLA and PAC and for providing appropriate advice and information about prostitution. While some research has been conducted which has aimed to describe prostitution in Queensland, it is neither ongoing nor contemporary.

→ The monitoring program comprises four key research projects:

- A survey of sex workers
- A survey of clients of sex workers
- A community attitude survey
- Collection of data on STIs in Queensland.

→ The PLA selected a joint research team from the Queensland Alcohol and Drug Research and Education Centre and the Queensland University of Technology to undertake the four research projects. We also established a steering committee to oversee the conduct of the project, comprising members of the PLA, the CMC and the former PAC. The steering committee has met three times over the year.

→ We envisage the four projects will conclude towards the end of 2003 and that the results will be reported publicly. The four projects will provide baseline data for monitoring and will be repeated at four-yearly intervals to ensure a continuing source of high-quality information about prostitution.

### Outlook for 2003–04

- Having established the compliance unit we will focus on developing appropriate documentation to standardise the compliance function and to increase communication with and assistance to licensees. Over the coming year we will:
- Develop a Compliance Manual which outlines the policies and procedures associated with compliance unit activities
  - Establish assessment standards to facilitate the development of policies and procedures for licensed brothels
  - Review brothel licence conditions
  - Review the *Health and Safety Guidelines for Brothels*
  - Complete the four research projects of the monitoring program.

### LIAISON AND ASSISTANCE

#### Communicating with members of the public

→ Considering the sensitive nature of our core business, opportunities to communicate directly with members of the general public about the PLA and its activities are limited. We have been acutely conscious that any active public education campaign may appear to be promoting prostitution – a public impression we are careful to avoid. To date we have simply responded to a small number of invitations from community groups to speak about prostitution and brothel licensing (see table 9).

→ In addition to responding to invitations from community groups, the PLA established an information booth in the 'Sexual Health and Education' section of SEXPO to distribute information about brothel licensing and the legal framework for prostitution in Queensland. SEXPO is an annual health, sexuality and lifestyle exhibition staged in Melbourne, Sydney and Brisbane which is open to members of the public aged over 18 years. SEXPO provided a useful forum to disseminate information to the general public about the PLA and its activities in an appropriately adult-only forum. The PLA joined other government and non-government agencies, such as Queensland Health and SQWISI, in an effort to emphasise sexual health.

→ As a tool to assist staff engage in public education activities, we engaged GOPRINT to produce a multimedia presentation about the PLA and its activities. We found the presentation very successful at SEXPO and in other, smaller forums as an engaging and informative display.

→ During the year we established a small library containing publications, reports, media articles and other material on prostitution and brothel operation. The library is accessible to members of the public and applicants and has been particularly useful to students in their preparation of university assignments.

Table 9: External presentations by staff, 2002–03

Date	Subject	Forum
19.09.02	Out of the shadows: regulating sex work in Queensland	Guest lecture at University of Queensland School of Social Science
26.09.03	Out of the shadows: regulating sex work in Queensland	Guest lecture at University of Queensland School of Psychology
07.05.03	The role and function of the PLA	Greenslopes Neighbourhood Watch
08.05.03	Sex as a business in Queensland	Guest lecture at University of Queensland School of Psychology
28.05.03	The role and function of the PLA	Ekibin Lions Club

Table 10: SEXPO survey sample

Sample groups	Number	Per cent
General community	575	75
Clients	126	18
Sex workers	28	4
Both sex workers and clients	21	3
TOTAL	750	100

Table 11: Awareness of prostitution laws and the PLA

Sample groups	Per cent of respondents		
	Aware of prostitution laws	Aware of the PLA	Aware of the role of the PLA
General community	25	41	18
Clients	70	71	57
Sex workers	42	48	20
Both sex workers and clients	60	57	43

### SEXPO survey

- We conducted a short survey of individuals who visited our stall at SEXPO. Our intention in giving out the survey was to identify the types of people who attend SEXPO, their level of awareness about prostitution laws in Queensland, and their level of knowledge about the PLA.
- We received 750 responses to the survey. Respondents fell into one of four groups: the general community, sex workers, clients of sex workers, and a small group who said they had been both a sex worker and a client (see table 10).
- We found that awareness about prostitution laws and the PLA was lowest amongst the general community. On the other hand, clients of sex workers appeared to have the best knowledge of these issues (see table 11).
- These results will provide us with a better understanding of what information to provide at SEXPO next year.



### Communicating with our applicants

→ As well as providing education to the general public, we were also focused on assisting brothel licence and manager's certificate applicants. Applicants and potential applicants comprise the largest group of inquirers we deal with (see figure 4).

→ In September 2002 we sent out invitations to all individuals who had requested a set of application forms over the preceding 12 months. We held a licensing forum to present information about a range of issues, to discuss matters of concern to applicants and to answer their questions. We presented information about:

- Local government issues
- Appeals to the independent assessor
- The licensing process
- Compliance issues
- Prostitution advertising.

→ All staff of the PLA participated in the licensing forum, which was opened by the chair. The forum was attended by a group of 45 invitees.

### Communicating with the sex industry

→ In December 2002 we published our first edition of a quarterly industry newsletter we have called *In Touch*. While we have good contact and liaison with brothel licensees and managers through the compliance unit and through the annual renewal of applications, we felt that our communication with sex workers and other brothel staff could be improved. We distributed *In Touch* to brothels for the general interest of workers in licensed brothels. SQWISI has agreed to stock the newsletter in their five Queensland offices for other sex workers. *In Touch* has included articles on industrial relations issues, the role of the independent assessor, prostitution law reform in other states of Australia and compliance issues.

→ During the year we continued our contact with SQWISI and established a formal monthly meeting with the state manager to discuss the operation of the Prostitution Act.

### Prostitution advertising

→ Under the Prostitution Act, the PLA is responsible for approving all advertising for prostitution in Queensland. During the year we received 848 requests for advertising approval; most applications complied with our policy concerning prostitution advertising and 98 per cent of advertisements were approved, two per cent of which were subject to conditions (see table 12).

Table 12: Advertising approval, 2002–03

Outcome	Number	Per cent
Approved	812	96
Approved with conditions	15	2
Refused	21	2
TOTAL	848	100

### Communicating with other key stakeholders

→ We met regularly with our key stakeholders and have assisted other agencies perform their functions with regard to prostitution issues. Table 13 shows the number of meetings we held with our key stakeholders.

Table 13: Meetings held by the PLA with key stakeholders, 2002–03

Group	Number
Licensees and managers, applicants, potential applicants	55
QPS	49
CMC	10
SQWISI	7
Other government agencies	7
Sex workers	7
Media	6
Ministerial	4
Members of the public	2
TOTAL	147



### Complaints

→ During the year we received 92 complaints about prostitution, which represents a 70 per cent increase from the previous year. Figure 2 shows that most of these complaints fell into two main categories – complaints about advertising and complaints about brothel operation. Most complaints were resolved by referral of the complaint to PETF for criminal investigation, or through resolution by the PLA or its staff (refer to figure 3).

→ We believe the increase in complaints made to us over the past year is the result of an increasing awareness of the role and function of the PLA, among the general community and also among sex workers themselves, and of the increase in the number of licensed brothels this financial year.

Figure 2: Nature of complaints, 2002–03

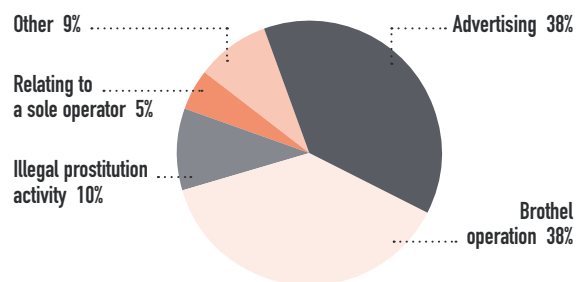
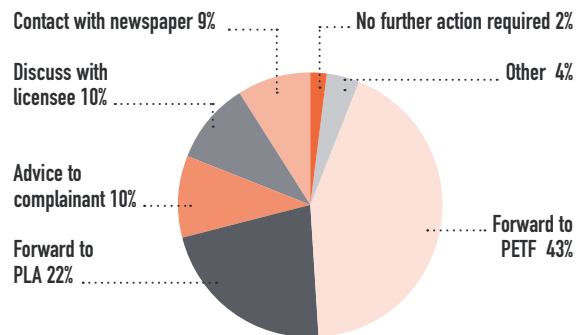


Figure 3: Resolution of complaints, 2002–03



Complaint case studies

→ Here are some examples of the complaints we received during the year.

Complaint 1 – Illegal prostitution	
The complaint	We received information from a complainant about an illegal escort service that had been operating for several years. The complainant possessed documentation pertaining to the way the agency operated, the split (pay) to workers and how they would be escorted to their jobs. The complainant, while happy to disclose her details to us, wished to remain anonymous to the police.
What we did	We were able to forward the information provided to us by the complainant to PETF anonymously. While PETF were already aware of the agency and had commenced investigation, the documents we referred to them provided key evidence and assisted in the successful prosecution of the illegal business.
The outcome	The complaint provided further information for PETF in the investigation and prosecution of a significant illegal prostitution network involving interstate interests. The investigation resulted in 39 arrests on 121 criminal charges. The two principal male organisers have pleaded guilty and the matter is still before the courts. A pecuniary penalty order of two to three million dollars is being sought.

Complaint 2 – Prostitution advertising	
The complaint	A complaint was received from a licensee that an illegal escort agency and brothel was operating in a particular area of Queensland through an advertisement in the local newspaper.
What we did	We referred the information provided to us to PETF for investigation of possible offences under the Prostitution Act.
The outcome	PETF commenced investigation based on the information provided by us and interviewed three men about employing sex workers as part of an illegal escort agency to provide prostitution. The men were subsequently charged with procuring persons for prostitution. To date one offender has been convicted and fined \$1,000 and the other two are still before the courts.

### Complaint 3 – Prostitution advertising

The complaint	Several complaints from different sources were lodged with us about an advertisement in a newspaper under the column 'Adult Work Opportunities'. The complainants felt the advertisement offended section 94 of the Prostitution Act which states that "A person must not publish a statement intended or likely to induce a person to seek employment as a prostitute."
What we did	We referred the complaint to PETF for investigation of a possible offence against the Prostitution Act or the Criminal Code. In addition, we contacted the newspaper to inform them that the advertisement appeared to offend the provisions of the Prostitution Act.
The outcome	Our action resulted in the advertisement being withdrawn from the 'Adult Work Opportunities' column. PETF have continued to monitor advertisements for prostitution in the local area and have arrested 40 persons between May 2002 and June 2003 on 114 charges of illegal prostitution.

### Complaint 4 – Brothel operation

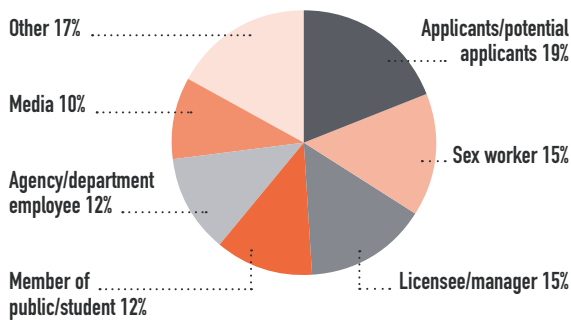
The complaint	A sex worker from a brothel rang to complain that she had lost her work at the brothel because she was pregnant.
What we did	We sought advice from the Communicable Diseases Unit at Queensland Health about the possible risks to the pregnant woman or her foetus of continuing work as a sex worker. Queensland Health advice was that the risks were unclear, and that a doctor would be unlikely to provide a medical certificate stating the pregnant woman was fit to work as a sex worker. We also sought advice from the Anti-Discrimination Commission (ADC) about whether the complainant had grounds to lodge a discrimination complaint. The ADC advised there are exemptions to the discrimination rules for pregnant women based on workplace health and safety considerations, but that they would accept a complaint from the woman for further investigation and possible action.
The outcome	The complainant was given a contact name and number to lodge a complaint with the ADC. The complainant decided not to proceed with the complaint because she was afraid of being labelled a 'trouble maker' by the brothel and she wanted to continue working in the sex industry after her child was born.



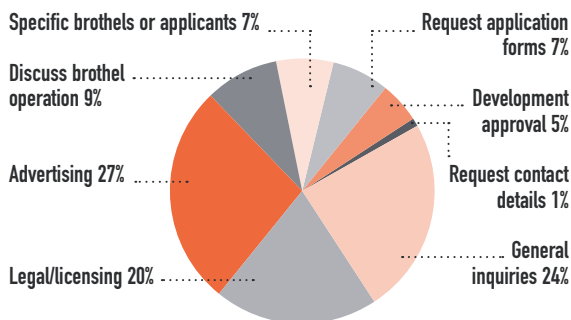
**Inquiries**

→ During the year we responded to 1,341 inquiries about prostitution and related issues. Figure 4 shows that inquiries generally come from brothel licensees and managers, members of the public and students, and the media. The most common categories of inquiry are legal or brothel licensing questions, questions about prostitution advertising, and questions about brothel operation (see figure 5).

**Figure 4: Source of inquiries, 2002–03**



**Figure 5: Nature of inquiries, 2002–03**



**Outlook for 2003–04**

→ Our objectives for the 2003–04 financial year are to ensure we provide excellent customer service and high-quality information to our key stakeholders and the general community. We will achieve this through the following initiatives:

- Conduct a licensing forum for applicants and potential applicants
- Publish data collected through the monitoring program
- Review the complaint management system
- Review the advertising policies
- Conduct liaison with key stakeholders in regional areas
- Investigate opportunities for public speaking
- Review the PLA website and the multimedia presentation.

## SUPPORTING OUR BUSINESS

### Our staff

→ This year our staff complement increased by one-third – we are now eight staff in all, more than half of which are women (see tables 14 and 15). In preparation for the employment of the new staff members, we reviewed our induction procedures and introduced a self-paced, interactive induction manual. The manual included comprehensive information about the legislative framework and historical background to the prostitution laws in Queensland, information on customer service and licensing activities at the PLA and orientation to the Code of Conduct and other key PLA policies.

→ This year we fully implemented our staff performance, planning and review policy, with all staff having participated in the annual review process. The implementation of this policy has greatly assisted the career planning process for staff members.

→ All staff have participated in on-site and external training programs, including courses in dealing with difficult people, procurement, web design training, ethical decision making, policy skills, financial management/accounting and some industry-specific seminars. We spent a total of \$13,115 and 442 hours on staff training this year. Female staff undertook more than half (61%) of all training undertaken at the PLA.

→ There was no overseas travel undertaken by either PLA staff or by the members of the PLA and PAC.

Table 14: PLA staff

Staff category	Female	Male
A07-S01	3	1
A04-A06	1	2
A02-A03	1	0
TOTAL	5	3

Table 15: PLA staff membership of equal employment opportunity (EEO) target groups

Target group	Number	Per cent
Women	5	62
People from a non-English-speaking background	0	0
Aboriginals/Torres Strait Islanders	0	0
People with a disability	0	0

### Finance and administration

→ The finance and administration section of the PLA comprises three staff who ensure we comply with state government administrative and financial requirements. To achieve this, our FAM underwent a thorough review to ensure our policies and procedures were accurate and related to the government objectives of flexibility, stewardship, value for money and accountability. Regular briefings on policies contained in the FAM are provided to staff at fortnightly staff meetings to ensure all staff are aware of their obligations.

→ Some corporate support functions, including financial services such as payroll, are provided by the QPS through the operation of an SLA. We reviewed the SLA during the year and resumed responsibility for a range of financial procedures, including greater responsibility for our own bank account.

→ We did not enter into any consultancy contracts during the year.

### Information management

→ Another area where we receive assistance from the QPS is the provision of IT services and support, which includes maintenance of the PLA website. The assistance provided by QPS is formalised in a separate IT SLA, which we review annually with QPS.

→ A major initiative for us this year has been the trial of a brothel licensing database (developed in-house), which aims to streamline the storage and retrieval of information from brothel licence and manager's certificate applications and related paperwork. It is envisaged that a major project for 2003–04 will involve the transfer of data into the new database for full operational effectiveness.

→ The PLA holds a significant amount of personal and commercial-in-confidence information which is highly sensitive. For this reason, we have adopted a document classification system for the storage of hard copy documentation. The final phase of the document classification system was implemented during the year with the transfer of the general filing system into new secure accommodation.

### Public interest disclosures

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

- Someone else's conduct
- Maladministration
- Negligent or improper management affecting public funds
- Danger to public health or safety, or danger to the environment
- Danger to a person with a disability.

→ There were no public interest disclosures made to the PLA during the financial year 2002–03.

### Outlook for 2003–04

→ We will continue to increase the range of corporate functions we conduct in-house by implementing these projects:

- Develop and implement an EEO policy
- Operationalise the brothel licensing database
- Implement an electronic filing system
- Streamline financial procedures to be more self dependent
- Conduct a workplace health and safety audit
- Further review of the SLA between QPS and PLA regarding financial procedures.



# → FINANCIAL STATEMENTS



## PROSTITUTION LICENSING AUTHORITY STATEMENT OF FINANCIAL PERFORMANCE //

FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>			
User charges and fees	1	205,425	177,361
Government contributions		755,000	871,000
Other	2	40,275	44,845
<b>TOTAL REVENUES FROM ORDINARY ACTIVITIES</b>		<b>1,000,700</b>	<b>1,093,206</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>			
Employee expenses	3	491,288	378,585
Supplies and services	4	333,397	269,439
Depreciation and amortisation	5	42,667	45,605
Other	6	147,833	189,523
<b>TOTAL EXPENSES FROM ORDINARY ACTIVITIES</b>		<b>1,015,185</b>	<b>883,152</b>
<b>NET SURPLUS (DEFICIT)</b>		<b>(14,486)</b>	<b>210,054</b>

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

# PROSTITUTION LICENSING AUTHORITY STATEMENT OF FINANCIAL POSITION //

AT 30 JUNE 2003

	Note	2003 \$	2002 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash assets	7	650,800	548,535
Receivables	8	16,362	22,575
Other	9	2,970	49,762
<b>Total current assets</b>		<b>670,132</b>	<b>620,872</b>
<b>Non-current assets</b>			
Intangibles	10	11,825	15,355
Property, plant and equipment	11	288,859	236,078
<b>Total non-current assets</b>		<b>300,684</b>	<b>251,433</b>
<b>TOTAL ASSETS</b>		<b>970,816</b>	<b>872,305</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	12	251,482	141,564
Provisions	13	53,604	50,524
<b>Total current liabilities</b>		<b>305,085</b>	<b>192,088</b>
<b>TOTAL LIABILITIES</b>		<b>305,085</b>	<b>192,088</b>
<b>NET ASSETS</b>		<b>665,731</b>	<b>680,217</b>
<b>EQUITY</b>			
Retained surpluses	14	665,731	680,217
<b>TOTAL EQUITY</b>		<b>665,731</b>	<b>680,217</b>

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

# PROSTITUTION LICENSING AUTHORITY STATEMENT OF CASH FLOWS //

FOR YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
<b>Cash flows from operating activities</b>			
Inflows:			
Government contributions		755,000	871,000
User charges and fees		325,500	196,496
GST collected on sales		3,630	1,050
GST input tax credits received		53,394	47,172
Interest received		34,930	47,427
Outflows:			
Employee costs		484,608	380,960
Supplies and services		280,105	338,721
Insurance premiums		2,566	2,132
GST paid on purchases		-	59,422
GST remitted to ATO		50,286	-
Other		165,546	143,920
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>15</b>	<b>189,343</b>	<b>237,990</b>
<b>Cash flows from investing activities</b>			
Inflows:			
Sale of property, plant and equipment		36,108	10,500
Outflows:			
Payments for property, plant and equipment		123,187	184,917
Payments for computer software		-	8,114
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		<b>(87,079)</b>	<b>(182,531)</b>
Net increase (decrease) in cash held		102,264	55,459
Cash at beginning of financial year		548,535	493,076
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>7</b>	<b>650,800</b>	<b>548,535</b>

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

# PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

## Objectives of the Authority

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

→ During 2002-03, the Authority continued to be substantially funded through non-reciprocal government contributions. In future years, it is expected that the Authority will become increasingly self funding from revenues generated from licence fees and certificate fees.

## Summary of significant accounting policies

### (a) Basis of accounting

→ These financial statements are a general purpose financial report and have been prepared in accordance with the *Financial Administration and Audit Act 1977*, *Financial Management Standard 1997*, applicable Australian Accounting Standards, Urgent Issues Group Abstracts and Statements of Accounting Concepts.

→ The financial report has been prepared on an accrual and going concern basis.

→ The financial report has also been prepared under the historical cost convention except where specifically stated.

### (b) The reporting entity

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

### (c) User charges and fees

→ Application fees for licences and certificates and fees for licences and certificates granted are recognised as revenues of the Authority. Other user charges are recognised as revenues when invoices for the related services are issued.

### (d) Cash assets

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

### (e) Receivables

→ Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery. Settlement on these amounts is required within 30 days from invoice date.

→ The collectability of receivables is assessed periodically with provision being made for doubtful debts. All known bad debts have been written off as at 30 June.

### (f) Acquisitions of assets

→ Actual cost is used for the initial recording of all asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architect's fees and engineering design fees.

→ Assets acquired at no cost or for nominal consideration, are recognised at their fair value at the date of acquisition in accordance with AAS 21 *Acquisitions of Assets*.

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

### (g) Intangibles, property, plant and equipment

- All intangible assets and all items of property, plant and equipment with a cost or other value in excess of \$1,000 are recognised for financial reporting purposes in the year of acquisition.
- Items with a lesser value are expensed in the year of acquisition.

### (h) Amortisation and depreciation of intangibles, property, plant and equipment

- Amortisation and depreciation of intangibles, property, plant and equipment is calculated on a straight line basis so as to allocate the net cost of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Authority.
- The depreciable amount of leasehold improvements is allocated progressively over the estimated useful life of the improvements to the Authority or the unexpired period of the lease on the premises, whichever is the shorter. The unexpired period of the lease includes option periods where exercise of the option is probable.
- Work-in-progress is not depreciated until it reaches service delivery capacity.
- For each class of depreciable asset the following amortisation/depreciation rates are listed below and are consistent with the prior year unless otherwise stated.

Class	Amortisation/ depreciation rate %
Intangibles (internal use software)	20.0
Computer equipment (hardware)	20.0-50.0
Office equipment (photocopier)	20.0
Office equipment (telephone, facsimile, shredders, e/whiteboards)	10.0-14.3
Office equipment (safes)	2.5
Plant and equipment	10.0-14.3
Leasehold improvements	10.0-12.5
Motor vehicles	16.7

### (i) Revaluations of non-current physical assets

- Land, buildings, infrastructure and heritage and cultural assets are measured at fair value in accordance with AASB 1041 *Revaluation of Non-Current Assets*, and *Queensland Treasury's Non-Current Asset Accounting Guidelines for the Queensland Public Sector*. All other non-current assets are measured at cost.
- All non-current physical assets of the Authority are valued at cost in accordance with these standards and as such no revaluations are required.

### (j) Leases

- A distinction is made in the financial statements between finance leases, that effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all the risks and benefits.
- The Authority held no finance leases at 30 June.
- Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred. Operating leases are used by the Authority.
- Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

### (k) Payables

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

### (l) Employee benefits

Wages, salaries, annual leave and sick leave

→ Wages, salaries and annual leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the remuneration rates expected to apply at the time of settlement and include related on-costs such as employer superannuation contributions, long service leave levies and WorkCover premiums.

Long service leave

→ Under the Queensland Government's long service leave scheme, a levy is made on the Authority to cover this expense. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

→ No provision for long service leave is recognised in the financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AAS 31 *Financial Reporting by Governments*.

Superannuation

→ Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees at rates determined by the State Actuary.

→ No liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported pursuant to AAS 31 *Financial Reporting by Government*.

### (m) Insurance

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

### (n) Taxation

→ The Authority is a State body as defined under the *Income Tax Assessment Act 1936* and its activities are exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax (GST). As such, input tax credits receivable and GST payable from/to the Australian Tax Office are recognised and accrued.

### (o) Rounding and comparatives

→ Amounts included in the financial statements have been rounded to the nearest whole dollar, or where that amount is less than \$0.50, to zero.

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

### (p) Services received free of charge or for nominal value

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

### (q) Changes in accounting policy

→ Following a review of Statements of Accounting Concepts 4 (SAC 4), it was decided to recognise in the Statement of Financial Position, the monies held by the Authority relating to licence and certificate applications. Previously these amounts were disclosed in the notes to the accounts. The financial affect for 30 June 2003 is to increase both the cash assets and payables balances by \$225,315 with no impact on the total equity position or the Statement of Financial Performance. The 2001-02 statements have also been amended to ensure valid comparatives.

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

	2003	2002
	\$	\$
<b>1 USER CHARGES AND FEES</b>		
Fee for licences granted	150,740	135,000
Fees for licence applications	37,500	28,500
Fees for certificates granted	465	285
Fees for certificate applications	16,500	13,500
Other fees	220	76
	<b>205,425</b>	<b>177,361</b>
<b>2 OTHER REVENUE</b>		
Interest	35,436	30,303
Refund of payroll tax	-	14,542
Gain on sale of property, plant and equipment	4,839	-
	<b>40,275</b>	<b>44,845</b>
<b>3 EMPLOYEE EXPENSES</b>		
Wages and salaries	422,437	337,112
Employer superannuation contributions	51,648	31,825
Long service leave levy	6,151	3,991
Other related expenses	11,052	5,657
	<b>491,288</b>	<b>378,585</b>
Number of employees at 30 June	8	6
The number of employees includes full-time employees only. The Authority has no part-time employees.		
<b>4 SUPPLIES AND SERVICES</b>		
Consultants and contractors	163,167	68,314
Materials	65,191	64,070
Travel	9,878	18,986
Repairs and maintenance	14,656	24,062
Communications	10,737	15,057
Queensland Police Service corporate service charges	20,000	20,000
Public utilities	10,831	14,155
Professional development	11,493	24,288
Other	27,444	20,507
	<b>333,397</b>	<b>269,439</b>

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

	2003	2002
	\$	\$
<hr/>		
<b>5 DEPRECIATION AND AMORTISATION EXPENSE</b>		
<hr/>		
Computer equipment	13,782	15,198
Leasehold improvements	7,623	15,454
Motor vehicles	4,607	5,527
Office equipment	8,800	4,684
Plant and equipment	2,717	1,454
Furniture and fittings	1,608	1,152
Intangibles - own use software	3,530	2,136
	<b>42,667</b>	<b>45,605</b>
<hr/>		
<b>6 OTHER EXPENSES</b>		
<hr/>		
Insurance	2,566	2,132
External audit fees	8,700	6,400
Rental of premises	85,983	93,732
Prostitution Licensing Authority - chair and members' fees	50,508	49,271
Prostitution Advisory Council - chair and members' fees	-	30,446
Losses from disposal of non-current assets	-	6,189
Non-current assets written off	-	1,334
Other	76	19
	<b>147,833</b>	<b>189,523</b>
<hr/>		
<b>7 CASH ASSETS</b>		
<hr/>		
Imprest account	300	300
Cash at bank	650,500	548,235
	<b>650,800</b>	<b>548,535</b>
<hr/>		
The total for cash assets reconciles to cash at the end of the financial year as disclosed in the Statement of Cash Flows.		
<hr/>		
<b>8 RECEIVABLES</b>		
<hr/>		
Current		
GST receivable	8,429	15,148
Interest receivable	7,933	7,427
	<b>16,362</b>	<b>22,575</b>
<hr/>		



## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

	2003	2002
	\$	\$
<b>9 OTHER ASSETS</b>		
Current		
Prepayments	2,970	1,499
Unexpended advances	-	48,263
	<b>2,970</b>	<b>49,762</b>
<b>10 INTANGIBLES</b>		
Internal use software		
At cost	17,649	17,649
Less: Accumulated amortisation	(5,824)	(2,295)
<b>Carrying amount at 30 June</b>	<b>11,825</b>	<b>15,355</b>
<b>11 PROPERTY, PLANT AND EQUIPMENT</b>		
Leasehold improvements		
At cost	149,936	71,425
Less: Accumulated amortisation	(30,856)	(23,233)
Carrying amount at 30 June	119,080	48,192
Office equipment		
At cost	54,943	54,943
Less: Accumulated depreciation	(15,565)	(6,765)
Carrying amount at 30 June	39,378	48,178
Plant and equipment		
At cost	21,717	21,717
Less: Accumulated depreciation	(4,246)	(1,529)
Carrying amount at 30 June	17,471	20,188
Motor vehicles		
At cost	75,136	67,144
Less: Accumulated depreciation	(2,081)	(8,800)
Carrying amount at 30 June	73,055	58,343
Computer equipment		
At cost	52,558	51,144
Less: Accumulated depreciation	(22,605)	(8,822)
Carrying amount at 30 June	29,953	42,321
Fixtures and fittings		
At cost	13,445	13,445
Less: Accumulated depreciation	(3,523)	(1,915)
Carrying amount at 30 June	9,922	11,530

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

	2003	2002
	\$	\$
Capital works in progress		
Leasehold improvements at cost	-	7,326
Carrying amount at 30 June	-	7,326
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>288,859</b>	<b>236,078</b>

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current reporting period.

	Leasehold improvement 2003	Computer equipment 2003	Motor vehicles 2003	Office equipment 2003	Plant & equipment 2003	Fixtures & fittings 2003	Works in progress 2003	Total 2003
Carrying amount at 1 July 2002	48,192	42,321	58,343	48,178	20,188	11,530	7,326	236,078
Acquisitions	71,185	1,414	50,589					123,188
Transfer between classes	7,326						(7,326)	-
Disposals			(42,596)					(42,596)
Depreciation/amortisation	(7,623)	(13,782)	6,719	(8,800)	(2,717)	(1,608)		(27,811)
Carrying amount at 30 June 2003	119,080	29,953	73,055	39,378	17,471	9,922	-	288,859

### 12 PAYABLES

Current		
Trade Creditors	-	14,955
Fees for licences received in advance (a)	225,000	105,000
Fees for certificates received in advance (a)	315	240
Other	26,167	21,369
	<b>251,482</b>	<b>141,564</b>

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

### 13 PROVISIONS

Current		
Annual leave	53,604	50,524
	<b>53,604</b>	<b>50,524</b>

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

	2003	2002
	\$	\$
<hr/>		
<b>14 CHANGES IN EQUITY</b>		
<hr/>		
Retained Surpluses		
Balance 1 July	680,217	470,163
Net surplus/(deficit)	(14,486)	210,054
<b>BALANCE 30 JUNE</b>	<b>665,731</b>	<b>680,217</b>
<hr/>		
<b>15 RECONCILIATION OF NET SURPLUS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<hr/>		
Net surplus/(deficit)	(14,486)	210,054
Depreciation and amortisation expense	42,667	45,605
Loss on sale of property, plant and equipment	-	6,189
Gain on sale of property, plant and equipment	(4,839)	-
Property, plant and equipment written off	-	1,334
Change in assets and liabilities:		
(Increase)/decrease in GST receivable	6,738	(12,250)
(Increase)/decrease in other receivables	46,742	(31,139)
(Increase)/decrease in prepayments	(1,472)	(1,499)
Increase/(decrease) in fees paid in advance	120,075	19,135
Increase/(decrease) in other payables	(13,959)	(37,232)
Increase/(decrease) in other LSL payable	-	-
Increase/(decrease) in GST payable	-	1,050
Increase/(decrease) in accruals	4,877	9,249
Increase/(decrease) in employee provisions	3,000	27,494
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>189,343</b>	<b>237,990</b>
<hr/>		

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

	2003	2002
	\$	\$
<hr/>		
<b>16 COMMITMENTS FOR EXPENDITURE</b>		
<hr/>		
<b>(a) Non-cancellable operating lease commitments</b>		
<hr/>		
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:		
Not later than one year	148,167	127,403
Later than one year and not later than five years	139,642	247,477
<b>TOTAL COMMITMENTS</b>	<b>287,809</b>	<b>374,880</b>

Operating leases are entered into as a means of acquiring access to office accommodation. 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) Capital expenditure commitments

The Authority had no capital expenditure commitments at 30 June

### (c) Expenditure commitments

A material expenditure commitment for industry monitoring inclusive of GST contracted for but not recognised is payable as follows:

Not later than one year	38,250	-
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## 17 REMUNERATION OF BOARD MEMBERS

Remuneration received, or due and receivable by Members of the Authority in connection with the management of the Authority. Remuneration includes, fees received by Members. There were no payments made to the Members for salaries, commissions and contributions to Member's superannuation and other benefits.

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

	2003	2002
Nil	2	2
\$1 - \$10,000	3	3
\$30,001 - \$40,000	1	1

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

### 18 CONTINGENCY

#### (a) Guarantees and undertakings

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

#### (b) Litigation in progress

Litigation is currently in process for an appeal lodged against the Authority by a brothel licence applicant. The law firm representing the Authority is unable to estimate costs at this early stage.

#### (c) Unresolved rental expense

There is an unresolved matter in relation to rental expenditure for the extended office premises. This matter is currently being negotiated with the lessor and due to uncertainty, the Authority is unable to estimate costs.

### 19 FINANCIAL INSTRUMENTS

#### (a) Interest rate risk exposure

The Authority's exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities are shown in the following table.

	Maturity Date		Total	Weighted average rate
	1 year or less	Non-interest bearing		
	\$	\$	\$	%
<b>Financial Assets</b>				
Cash assets	650,500	300	650,800	3.89
Receivables	-	16,362	16,362	
<b>TOTAL</b>	<b>650,500</b>	<b>16,662</b>	<b>667,162</b>	
<b>Financial liabilities</b>				
Payables	-	251,482	251,482	
<b>TOTAL</b>	<b>-</b>	<b>251,482</b>	<b>251,482</b>	

#### (b) Credit risk exposures

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

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

No significant credit risks have been identified.

#### (c) Net fair values

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

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

### CERTIFICATE OF THE PROSTITUTION LICENSING AUTHORITY

→ The general purpose financial statements have been prepared pursuant to section 46F(1) of the *Financial Administration and Audit Act 1977* (the Act) and other prescribed requirements. In accordance with section 46F(3) of the Act we certify that in our opinion:

(a) the prescribed requirements for the establishment and keeping of the accounts have been complied with in all material respects; and

(b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Prostitution Licensing Authority for the financial year ended 30 June 2003 and of the financial position of the Authority at the end of that year.

Margaret W Isaac  
**Registrar**

23 September 2003

William J Carter QC  
**Chairperson**

23 September 2003

# PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

## INDEPENDENT AUDIT REPORT

To the Board of the Prostitution Licensing Authority

### Matters relating to the electronic presentation of the audited financial statements

→ The audit report relates to the financial statements of Prostitution Licensing Authority for the financial year ended 30 June 2003 included on Prostitution Licensing Authority's web site. The Authority is responsible for the integrity of the Prostitution Licensing Authority's web site. The audit report refers only to the financial statements identified below and does not include a review of the integrity of this web site or provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements, available from Prostitution Licensing Authority to confirm the information included in the audited financial statements presented on this web site.

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

### Scope

The financial statements

→ The financial statements of Prostitution Licensing Authority consist of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial statements and certificates given by the board Chairperson and officer responsible for the financial administration of Prostitution Licensing Authority for the year ended 30 June 2003.

The Authority's responsibility

→ The Authority is responsible for the preparation and true and fair presentation of the financial statements, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the

accounting policies and accounting estimates inherent in the financial statements.

Audit approach

→ As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial statements present fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Audit procedures included -

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial statements,
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Authority,
- obtaining written confirmation regarding the material representations made in conjunction with the audit, and
- reviewing the overall presentation of information in the financial statements.

### Independence

→ The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

→ The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

→ The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

→ The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

### Audit Opinion

→ In accordance with section 46G of the *Financial Administration and Audit Act 1977* -

(a) I have received all the information and explanations which I have required; and

(b) in my opinion -

(i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

(i) the statements have been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Prostitution Licensing Authority for the financial year 1 July 2002 to 30 June 2003 and of the financial position as at the end of that year.



EA Muir, FCPA  
**Assistant Auditor-General**

Queensland Audit Office  
Brisbane

(Delegate of the Auditor-General of Queensland)



## APPENDIX 1 //

Towns where approval has been granted by the Minister for Police for exemption from considering development applications for brothels

<b>Acland</b>	Coolana	<b>Harlin</b>	Mooloolah	Tarampa
Allora	Coominya	Hebel	Moonie	Texas
Antigua	Cooya	Helidon	Moore	Thallon
Appletree Creek	Cooyar	Hivesville	Moranbah	Thargomindah
Aramac	Cordalba	Horton	Mossman	The Causeway
Aratula	Cotswold Hills	Hungerford	Mount Chalmers	The Caves
Atherton	Crawford	<b>Inglewood</b>	Mount Colliery	Theebine
Atkinson Dam	Curra	Innisfail	Mount Molloy	Tinnanbar
Aubigny	<b>Daintree</b>	<b>Jondaryan</b>	Mount Tarampa	Tiara
<b>Bajool</b>	Dalby	Joskeleigh	Mount Tyson	Tieri
Bauple	Dalveen	<b>Kabra</b>	Mourilyan	Tinaroo
Bauple Estate	Dimbulah	Kairi	Mungindi	Tingoora
Beerburrum	Dirranbandi	Kalbar	Murgon	Tolga
Beerwah	Doolbi	Karara	Murphys Creek	Toobeah
Biddeston	Durong	Keppel Sands	Muttaborra	Toogoolawah
Biggenden	<b>El Arish</b>	Killarney	<b>Nerimbera</b>	Torrington
Bingil Bay	Emerald	Kingaroy	Newell	<b>Vernor</b>
Blackall	Emu Park	Kingsthorpe	Nobby	<b>Walkamin</b>
Bollon	Emu Vale	Kinka Beach	Noccundra	Wallangarra
Boonah	Esk	Kulpi	<b>Oakey</b>	Wangan
Booyal	<b>Fernvale</b>	Kumbia	Ogmore	Wangetti
Bouldercombe	Flinton	Kuranda	<b>Patricks Estate</b>	Warrill View
Bowenville	Flying Fish Point	Kurrimine Beach	Peachester	Warwick
Brightview	Forest Hill	<b>Laidley</b>	Peranga	Westbrook
Bungunyah	<b>Gatton</b>	Landsborough	Pittsworth	Westmar
Burdekin	Glamorgan Vale	Leyburn	Port Douglas	Westwood
Buxton	Glass House Mtns	Linville	Pratten	Windsor Park
Byfield	Glendale	Lowood	Prenzlau	Withcott
<b>Cambooya</b>	Gleenlee	<b>Maclagan</b>	Proston	Witta
Capella	Glenmorgan	Maleny	<b>Quinalow</b>	Wivenhoe Pocket
Cawarral	Glenvale	Mareeba	<b>Silkwood</b>	Wondai
Cecil Plains	Glenwood	Marlborough	Somerset Dam	Wonga Beach
Childers	Gogango	Marmor	South Johnstone	Woodgate
Chillagoe	Goombungee	Maryvale	Southbrook	Wooroolin
Chinchilla Shire	Goondiwindi	Meandarra	St George	Wyreema
Clarendon	Gowrie Junction	Memerambi	Stanthorpe	<b>Yangan</b>
Clermont	Gracemere	Meringandan West	Stanwell	Yarraman
Clifton	Grantham	Millmerran	Stanage Bay	Yelarbon
Colinton	Great Keppel Is	Minden	<b>Talwood</b>	Yeppoon
Conondale	Gunalda	Mission Beach	Tannymorel	<b>Zilzie</b>
Coolabunia	Gundiah	Mondure	Tara	

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## OUR MISSION //

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

## OUR VALUES //

- Respect
- Integrity
- Health and safety
- Impartiality

## OUR OPERATING PRINCIPLES //

- The PLA acts in the public interest.
- The PLA is committed to preventing 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.



## CONTACT INFORMATION //

### PROSTITUTION LICENSING AUTHORITY

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Mr Bill Carter QC

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Ms Margaret Isaac

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Additional copies of this Annual Report can be obtained from the office of the PLA. The Annual Report can also be downloaded from the PLA website.

# FEEDBACK ON THE ANNUAL REPORT 2002–03 //

## YOUR DETAILS (OPTIONAL)

Title/Name:

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Organisation:

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Address:

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→ Please include me in the mailing list for next year's annual report.

→ Please remove me from the mailing list for next year's annual report.

## WE WELCOME YOUR FEEDBACK

→ We hope you have found our annual report 2002–03 useful and informative. Our annual report is part of our commitment to keeping people informed about prostitution and the implementation of the Prostitution Act.

→ Please find below a short survey to let us know what you thought about the annual report so we can improve the document next year. Please tick the boxes that best indicate your response.

	Agree	Neutral	Disagree
It was an easy-to-read publication that flowed well.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The use of language was not too basic or too difficult to read.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It was interesting and informative.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The design and presentation were interesting and appropriate.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

→ Comments:

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→ Please indicate what sector you are from:

Sex industry

Government agency

Non-government agency

General community

**PLEASE RETURN BY FREEPOST TO:**

**Prostitution Licensing Authority**

**Reply Paid 3196**

**BRISBANE QLD 4001**

**Or fax to: 07 3876 3641**





## PROSTITUTION LICENSING AUTHORITY

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