

ANNUAL REPORT

2017-2018



Communication Objectives of this Report

The Prostitution Licensing Authority (PLA) Annual Report has been prepared to provide readers with a concise summary of the Authority's activities and performance during the 2017-18 year. Our Annual Report serves as the primary mechanism through which we meet our accountability and statutory reporting obligations.

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

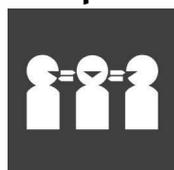
The communication objectives of this report are to:

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

Public availability and further information

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

Interpreter service



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

Have your say

We hope you find our Annual Report 2017-18 useful and informative. This report is part of our commitment to keeping people informed about prostitution and the implementation of the *Prostitution Act 1999*. The PLA welcomes your comments or suggestions about the report design and content. Please send your feedback to the Executive Director, Office of the Prostitution Licensing Authority, GPO Box 3196, Brisbane, Qld, 4001 or by emailing plaadmin@iprimus.com.au.

Table of Contents

Glossary	3
Message from the Chairperson	4
Message from the Executive Director	6
Welcome to the Prostitution Licensing Authority	7
Our Purpose	7
Our Vision	7
Our Values	7
Our Operating Principles	7
Contribution to Government objectives for the community	8
Reporting structure and organisation	8
The Prostitution Licensing Authority	9
Role of the Prostitution Licensing Authority	9
Current membership	9
Meetings	11
Remuneration	11
Our Performance	12
Financial performance summary	12
Performance statement	14
Statistical highlights 2017-18	15
The environment in which we operate	16
Priorities for 2018-19	17
Our Corporate Governance Framework	18
Appointment of PLA members	18
The strategic planning cycle	18
Our objectives and strategies	19
Ethical and professional conduct	20
Public interest disclosures	20
Risk management	20
External audit	21
Internal audit	21
Records management	21
Our Business	22
Brothel licensing	22
Development approval	24
Monitoring and Compliance	26
The compliance program	26
Disciplinary action	28
Penalty infringement notices (PINs)	29
Automatic suspension and automatic cancellation	29
Complaints	30
Police entries to licensed brothels	31
Advertising of prostitution	32
Social escort services advertising	32
Liaison and Assistance	33
Communicating with members of the public	33
The PLA website	33
Communicating with the sex industry	33
Communicating with other key stakeholders	34
Feedback	35
Inquiries	35
Supporting Our Business	36
Our people	36
Finance and administration	37
Information management	37
Open data	37
Financial Statements 2017 - 18	38
Appendix 1 - Annual report requirements for Queensland Government agencies for the 2017-2018	62
Appendix 2 - Compliance Checklist	63

Letter of compliance

7 September 2018

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

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2017-2018 and financial statements for the Prostitution Licensing Authority.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be found at page 63 of this annual report.



Yours sincerely

Walter H Tutt

Chairperson

Prostitution Licensing Authority



**Prostitution
Licensing Authority**

Glossary

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

Message from the Chairperson

This is my inaugural report as Chairperson of the Prostitution Licensing Authority (PLA), having been appointed from 13 October 2017 for a term of five years. I take this opportunity to acknowledge the contribution of Mr Paul Tully, who was appointed *pro tem* Acting Chairperson from 18 August 2017 to 2 October 2017.

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

During 2017-18, the PLA maintained its high standard of regulation by comprehensively vetting applicants for brothel licences and approved manager's certificates so that only suitable persons may influence the operations of brothels. Two brothel licence applications were refused during the year because the applicants were found not suitable under the relevant criteria of the Prostitution Act.

During my brief tenure to the date of this report, I have initiated some reform measures to streamline the procedures for brothel licence applicants by reducing substantially the somewhat cumbersome application form for a brothel licence without diminishing its integrity. The form has been made more relevant and contemporary; the same applies for renewal, annual return forms, and the Advertising Guidelines. More reforms are in train, designed to support the licensed sector.

The PLA has continued to scrutinise rigorously the operations of licensed brothels at audits and inspections by its compliance officers. Brothel licensees are generally diligent in complying with their regulatory obligations and in rectifying any identified non-conformances, so that the State's brothels operate to a high standard. 165 compliance activities were undertaken throughout the year and 75 corrective actions were required. The overall commitment of licensees to upholding high standards at brothels has meant that the PLA has rarely had to resort to holding disciplinary inquiries. This year, the PLA commenced a disciplinary inquiry in respect of a brothel licensee and the process will conclude in the following year.

The Authority can be justifiably proud that in its 18-year history, careful scrutiny of applicants and close monitoring of the operations of licensed brothels has ensured that there has been no confirmed instance of the infiltration of organised crime, or the incidence of official corruption, or of human trafficking for the purpose of sexual servitude at any of the State's licensed brothels. Licensed brothels provide a safe and healthy environment for the conduct of prostitution, with the PLA promoting high standards of health and safety and prioritising the agency and freedom of choice of sex workers.

Licensed brothel numbers decreased slightly during 2017-18. The Townsville brothel, Bluebirds on Carmel, ceased operation in early-December 2017, and no new brothels were opened anywhere in the State. At year end, there were 20 brothels in operation, mostly located in Brisbane and the Gold Coast. This is the lowest number of brothels since 2004-05. Vast areas of our State, including major cities and provincial towns (such as Townsville, Mackay and Rockhampton) are not serviced by licensed brothels which defies basic common sense that there is not a need for such services in many of these areas. In fact, apart from the brothel in Cairns, there is no brothel north of the Sunshine Coast or west of Toowoomba.

Most prostitution in our State occurs outside of the licensed sector in the form of:

- sole operator sex workers who may work from a premise or perform outcalls (lawfully)
- unlicensed premises, such as massage parlours (unlawfully)
- escort agencies (unlawfully).

All of which circumvent the strict regulatory regime of the licensed sector, with its strict accent on integrity, suitability of licensees, and its meticulous scrutiny of brothel management, sexual health and sex worker safety.

For the foreseeable future, the growth prospects of the licensed sector are constrained and it is probable that brothel numbers will remain at around current levels. The size of the sector directly impacts the PLA budget because user fees, in the form of fees from brothel licences and approved manager's certificates, constitute a significant proportion of the agency's total budget.

On page 16 of this report, I have referenced a number of "factors" which I consider to have had an adverse impact on the licensed sector but in my view the most significant factor is the proliferation of the so-called "massage parlour". While there is of course the legitimate remedial and therapeutic massage clinic, many are clearly a "front" for illegal prostitution which must be addressed, despite the inherent difficulty in acquiring the necessary evidence to secure a conviction.

The PLA had formed part of the portfolio of the Attorney-General and Minister for Justice for approximately four years but due to a machinery of government change on 12 December 2017, the PLA now forms part of the portfolio of the Minister for Police and Minister for Corrective Services. The PLA works closely with the QPS in the administration of the Prostitution Act and there are inherent synergies in being part of the same portfolio. The structure and functions of the PLA are otherwise unaltered by the machinery of government change.

In 2018-19, the PLA continues to be well-placed to administer an efficient and effective brothel licensing and regulatory framework that achieves the objectives of the Prostitution Act and meets the expectations of the community.

I place on record the PLA's appreciation of the support given to it by the Minister for Police and Minister for Corrective Services, the Hon Mark Ryan MP, and his staff. I also recognise and value the assistance of various government agencies that have so professionally supported and enhanced the work of the PLA. I extend my thanks to the members of the PLA who each bring a range of knowledge and experience to their position, and whose wisdom and counsel I rely on. Finally, I thank the staff of the Office of the PLA for their assistance during the year and particularly acknowledge the able and efficient administration of the Executive Director of the Office of the PLA, Ms Margaret Isaac, whose corporate and industry knowledge is invaluable to our agency.

Walter H Tutt
Chairperson

Message from the Executive Director

The work of the Office of the PLA is critical to the proper functioning of the Authority. I take the opportunity to place on record my thanks to my colleagues for their diligence, support, and counsel throughout the year.

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

- conducting and facilitating probity investigations of applicants for brothel licences and approved manager's certificates
- the monitoring of the provision of prostitution through licensed brothels via the compliance program
- assisting the PLA to educate the community and sex workers about issues to do with prostitution
- communicating with stakeholders
- arranging meetings of the PLA and taking minutes
- provision of advice and recommendations to the PLA
- provision of briefs and other advice to the Minister for Police and Minister for Corrective Services
- responding to queries and correspondence
- taking and investigating complaints about the operations of licensed brothels
- liaising with other government agencies
- managing the finances of the PLA
- developing and implementing policies, procedures, and plans, and meeting statutory reporting requirements
- conducting surveillance of advertisements for prostitution and for social escorts advertising.

In 2018-19, I look forward to working with the PLA, my colleagues, the licensed brothel sector, and the sex industry more generally to progress the regulation of the sector in the public interest.

Margaret Isaac
Executive Director

Welcome to the Prostitution Licensing Authority

Our Purpose

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

Our Vision

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

Our Values

Respect
Integrity
Health and safety
Impartiality
Responsiveness

The PLA will strive to:

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

Our Operating Principles

The PLA acts in the public interest.

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

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

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

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

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

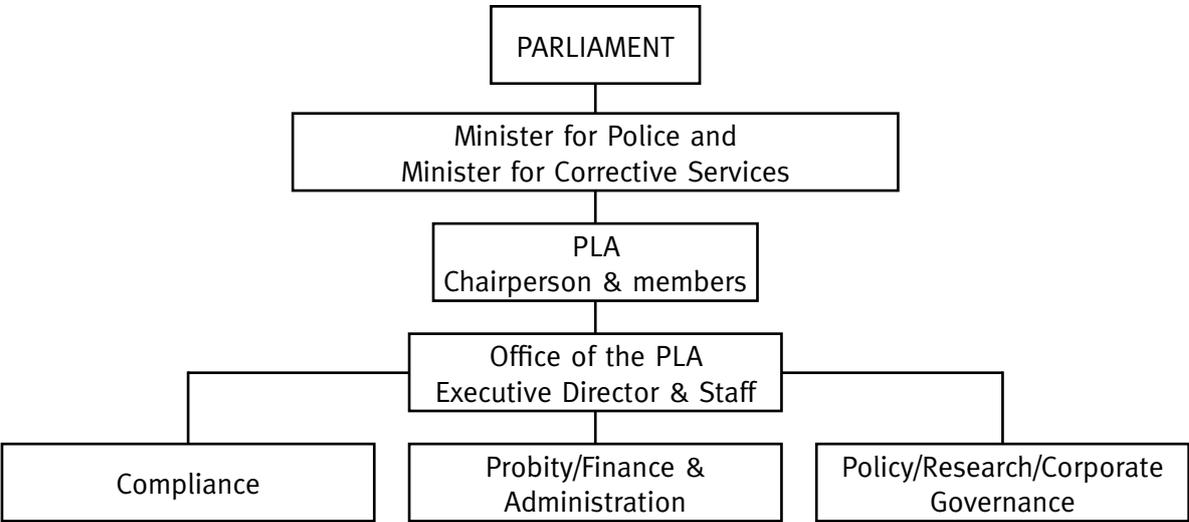
Contribution to Government objectives for the community

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

Reporting structure and organisation

The Prostitution Act establishes the PLA, consisting of eight members. It also establishes the Office of the PLA, consisting of the Executive Director and the staff of the office. It is the role of the office to assist the PLA in the performance of its functions. The office consists of compliance; and probity and finance and administration; and policy, research and corporate governance areas. The Executive Director is appointed by the Governor in Council. In addition to the Executive Director, there are nine full-time equivalent employees, employed under the *Public Service Act 2008*. There are currently two vacant positions. Staff of the office are managed by the Executive Director, who in turn reports to the PLA. The PLA reports to the Minister for Police and Minister for Corrective Services, the Hon Mark Ryan MP, and to the Parliament of Queensland. Prior to the machinery of government change on 12 December 2017, the PLA had reported to the Attorney-General and Minister for Justice, the Hon Yvette D’Ath MP.

Figure 1: PLA organisational structure



The Prostitution Licensing Authority

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

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

Role of the Prostitution Licensing Authority

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

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

Current membership

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

Mr Walter Tutt, Chairperson

Mr Walter Tutt was appointed as Chairperson of the PLA for a term of five years from 13 October 2017, pursuant to s. 102(1)(a) of the Prostitution Act. Mr Tutt succeeded Mr Marshall Irwin, who resigned from the office on 17 March 2017. Mr Tutt has a long background in the law, having first been admitted as a Solicitor in 1965. Between 1965 and 2004, he worked in private practice. The areas of law in which he has practised include: criminal law, administrative law, industrial law, insurance law, workers' compensation law, commercial common law litigation, and dispute resolution. In 2004, Mr Tutt was appointed a Judge of the District Court of Queensland and served in that position until

his retirement in 2012. Mr Tutt continues to hold a current practising certificate. Mr Tutt is also a member of the Queensland Independent Remuneration Tribunal. He remains a member of the Royal Australasian College of Surgeons Road Trauma Committee, on which he has served since 1979.

Assistant Commissioner Paul Stewart APM

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

Ms Sharon Loder

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

Dr Diane Rowling

Dr Diane Rowling has been a member of the PLA since 2005. She is appointed pursuant to s. 102(1)(d) of the Prostitution Act as a health practitioner. Her current term of appointment is for five years from 22 November 2015. Dr Rowling is a Public Health and Sexual Health Physician. She is currently a Senior Medical Officer with the Brisbane Sexual Health and HIV Service and is a former Medical Director of Family Planning Queensland. Dr Rowling has held community health positions in the Northern Territory and regional Queensland with a focus on indigenous health issues.

Mr Paul Tully

Mr Paul Tully has been appointed to the PLA as a lawyer, pursuant to s. 102(1)(e) of the Prostitution Act. He was first appointed to the PLA on 3 October 2014. His current term of appointment is from 13 October 2017 for a term of five years. Under s. 106A of the Act, he was appointed Acting Chairperson from 18 August 2017 to 2 October 2017. Mr Tully is the Company Chair and Chief Executive Officer of McInnes Wilson Lawyers. He was admitted as a solicitor of the Supreme Court of Queensland in July 1987 and made a partner of McInnes Wilson in May 1989. For the majority of his professional career, Mr Tully has practised in the area of litigation. He has a history of over 20 years specialising in public and products liability, motor vehicle claims, property damage and professional indemnity claims. He is a Board member of the Qld Law Society, and is also a Board member of Lexon Insurance. Mr Tully is Chair of the Queensland Rugby Union Judiciary.

Ms Margaret Grummitt

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

Ms Lynette Palmen AM

Ms Lynette Palmen AM has been appointed to the PLA as a community representative, pursuant to s. 102(1)(g) of the Prostitution Act for a term of five years commencing from 13 October 2017. She was first appointed in June 2004 but resigned in August 2006. She was reappointed in June 2010 and has served as a member of the PLA since then. Ms Palmen is the Founder of Women's Network Australia. Established in 1990, the organisation has a membership of more than 15,000 and benefits over 40,000 women annually. It provides a strong network of professional connections for and offers a balanced range of member activities and benefits which are supported by educational and consulting services. In 2004, Ms Palmen received an Order of Australia AM for service to the community, particularly through promoting public awareness of existing and emerging issues affecting women, and in providing expertise to a range of charitable and not-for-profit organisations.

Ms Frances de la Cuesta Hunt

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

Meetings

The PLA held 8 meetings in 2017-18. Details of individual member attendance at these meetings may be found at Appendix 1.

Remuneration

The Chairperson and members of the PLA were collectively paid \$65,521 during 2017-18, as determined by the Governor-in-Council. This payment represents the remuneration to the Chairperson and the members. Ex-officio members (that is, members who hold a paid State Government position) of the Authority do not receive additional remuneration for being a member of the PLA. Details of the remuneration paid to each member are at Appendix 1.

Our Performance

Financial performance summary

Statement of Comprehensive Income

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

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

Figure 2

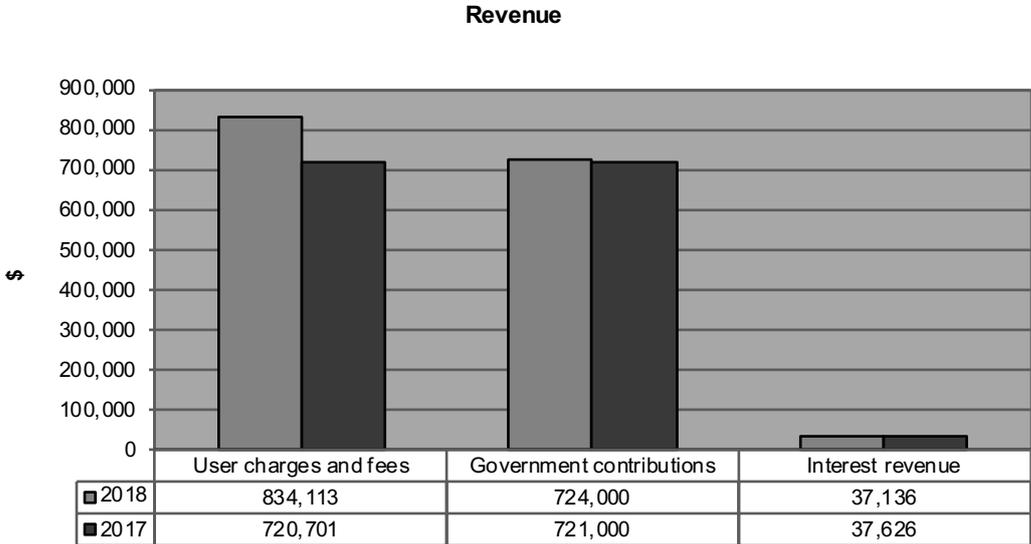
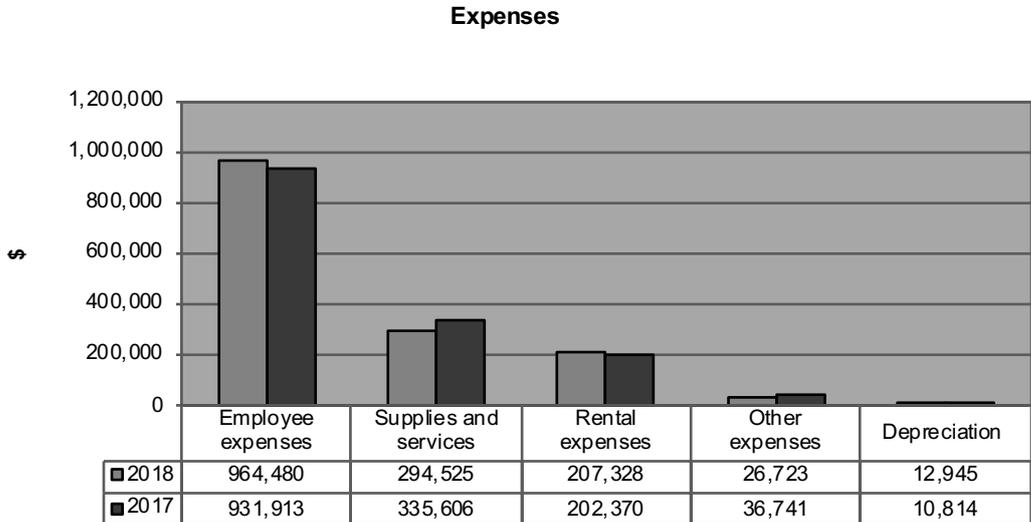


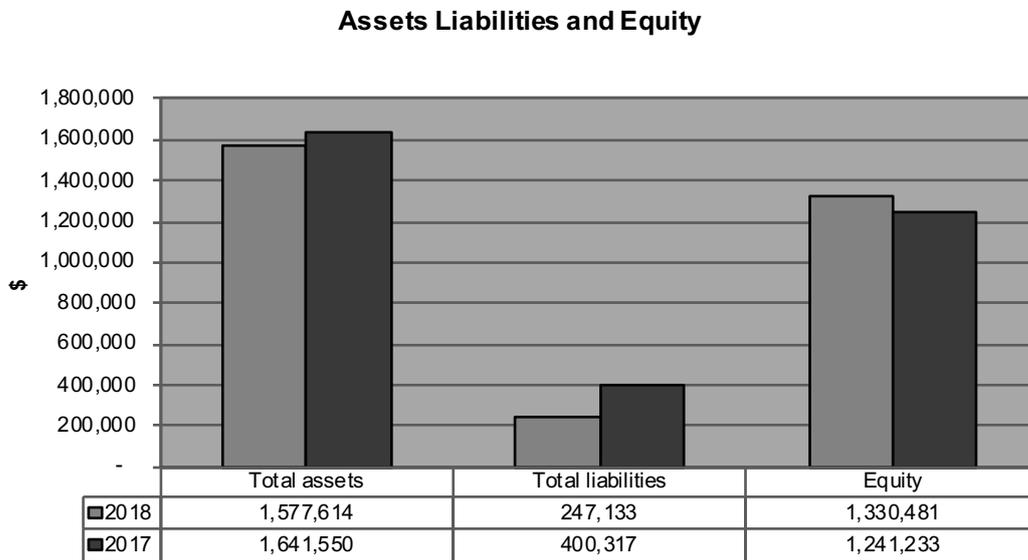
Figure 3



Statement of Financial Position

The Statement of Financial Position measures the value of assets, liabilities and equity of the Authority as at 30 June 2018.

Figure 4



Statement of Cash Flows

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

Cash Flow in the Authority is generated primarily from operating activities, where the significant inflows include revenue from fees for brothel licences and approved manager's certificates and revenue from a Government grant. Significant outflows are employee expenses, supplies and services for operational requirements and payments for rent commitments. The year ended in a decrease in cash from \$1,562,726 at 30 June 2017 to \$1,476,128 at 30 June 2018.

Performance statement

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

Table 1: Service standards 2017-18

Prostitution Licensing Authority	Notes	2017-18 Target/Est.	2017-18 Actual
Service standards			
<i>Effectiveness measures</i>			
Percentage of licensed brothels implementing best practice standards	1	100%	100%
Satisfaction of applicants with PLA client service	2	95%	97%
Percentage of complaints resolved	3	95%	100%
<i>Efficiency measure</i>			
Fees income as a percentage of total budget	4	50%	52%

Notes:

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

Statistical highlights 2017-18

- 20 licensed brothels operating in Queensland at year end, down one from the previous year (figure 5).
- 27 brothel licence applications (comprising four new applications, 19 annual returns, and 4 renewal applications) and 92 applications for an approved manager's certificate (comprising 23 new applications, 49 annual returns, and 20 renewal applications) (table 4).
- 23 police entries made to 12 licensed brothels (table 9).
- 26 complaints relating to prostitution (figures 6, 7, and 8).
- There have been no complaints in respect of licensed brothel impact on community amenity in the 18-year history of the PLA.
- 165 compliance activities, resulting in 75 corrective actions (table 8).

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

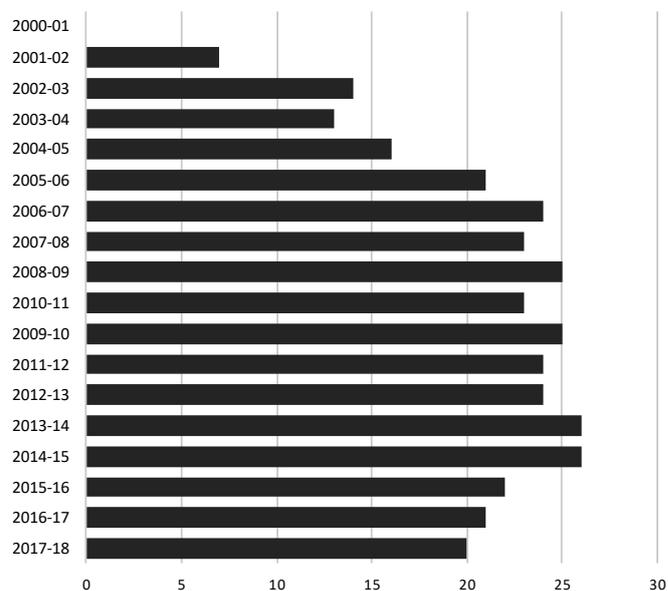
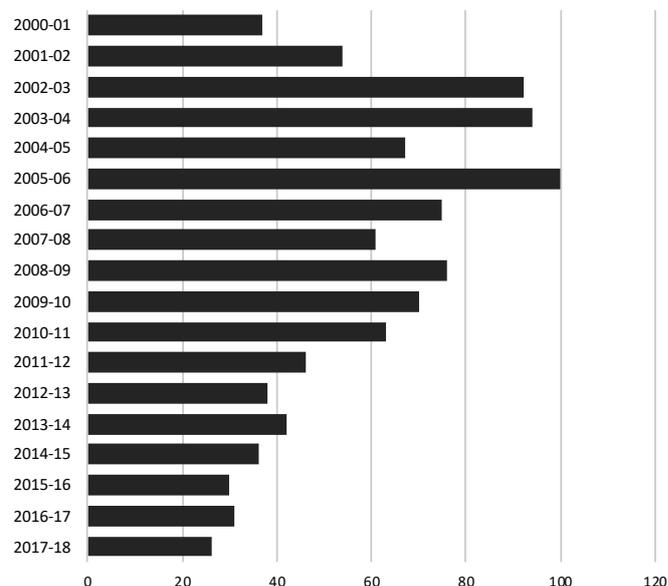


Figure 6: Number of complaints received by year



The environment in which we operate

2017-18 ended with 20 licensed brothels in Queensland, the lowest number since 2004-05 (figure 5). Whilst there were 21 brothels in operation at year end in 2016-17, a Townsville brothel, Bluebirds on Carmel, ceased operation in early-December 2017. There were no other brothel closures during the year. No new brothels opened. Whilst last year's annual report stated that there was some prospect that brothel numbers would increase in 2017-18, it was contingent on no further closures and the opening of new brothels. At that stage, the PLA was considering applications for two new brothels, one at Rocklea and another on the Sunshine Coast. During 2017-18, both applicants were found to be unsuitable to be granted a brothel licence and their applications were refused accordingly. Therefore, neither proposed brothel eventuated. At the conclusion of the year, the PLA was not considering any licence applications in respect of any proposed new brothel in the State. For the foreseeable future, the growth prospects of the licensed brothel sector are limited at best. In 2018-19, it is expected that brothel numbers are likely to remain at around current levels. However, brothels are operated by the private sector and the continued operation of all current brothels cannot be assumed. If the information provided to the PLA is accurate, whilst some brothels are highly profitable, a number of others are of marginal financial viability.

The licensed brothel sector consists of only a small proportion of the overall sex industry. Most prostitution occurring in Queensland falls outside the jurisdiction of the Prostitution Act, whether lawfully by sole operator (private) sex workers or unlawfully by escort agencies or massage parlours or the like. The PLA has no interest in expansion of the licensed brothel sector of the sex industry for its own sake but only in ensuring the achievement of the objectives of the Prostitution Act, especially given that licensed brothels are acknowledged as providing the safest and healthiest environment for sex work. For the Authority, the size of the sector has implications for its budget because fees constitute approximately half of its revenue.

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

- general economic conditions (including stagnant real wages, high levels of household debt and the associated impact on discretionary spending)
- the return on investment of licensed brothels in comparison to other businesses
- the entrepreneurial ability of individual licensees
- competition with illegal operators and with sole operator sex workers
- the regulatory framework for brothels
- disruptive innovation (the advent of 'hook-up' apps which make it much easier for likeminded consenting adults to connect for anonymous sexual encounters).

Last year, the PLA reported that brothel licensees were expressing increased concern about the extent of, and adverse impact on their business, of unlawful prostitution operators. During 2017-18, licensees continued to make the PLA aware of their concerns. They consider unlawful operators to be a source of unfair competition and point out that these operators are not subject to the same regulatory restrictions (location, outcalls, numbers of workers and rooms) or compliance burdens and have lower overheads (they do not pay fees to the PLA). Licensees are small business operators and they argue that illegal operators undercut their prices and erode their market share, directly impacting on the viability of their business. Illegal operations are by their nature unregulated and unscrutinised and there is a heightened risk of the danger of exploitation of workers, violence, and pressure to have unsafe sex.

In recognition that the QPS is responsible for investigating unlawful prostitution in Queensland, the PLA has been active in conveying licensees concerns to that organisation. Assistant Commissioner Paul Stewart, a member of the PLA, acts as a conduit between the PLA and the QPS and he has been engaged in communicating licensed brothel sector concerns to the QPS hierarchy. In 2018-19, the PLA

will continue to engage with the QPS in communicating stakeholder concerns. The PLA acknowledges that the QPS has finite resources and must prioritise its investigations accordingly.

The PLA also continued to engage during the year on its proposal for legislative reform of the sex industry, designed to target illegal operators, minimise the scope for the involvement of organised crime and the incidence of official corruption, improve the health and safety of sex workers, and enhance the scope of regulation of the sex industry. Given the range of matters before the Minister for Police and the Government, the Authority acknowledges the many competing policy priorities, and that the regulation of the State's sex industry is ultimately a policy matter for the Executive. If the sex industry considers that there is merit in prostitution law reform, it is for the industry to pursue the matter with the Government.

On 12 December 2017, under a machinery of government change, the PLA was moved from the portfolio of the Attorney-General and Minister for Justice to that of the Minister for Police and Minister for Corrective Services. Prior to 1 November 2013, the PLA had been part of the police portfolio since the Authority's establishment on 1 July 2000. The PLA works closely with the QPS in the administration of the Prostitution Act and there are inherent synergies in being part of the same portfolio. The structure and functions of the PLA are otherwise unaltered and there has been no impact on its stakeholders who will have noticed no difference. Due to the small size of the Authority, it will continue to rely on the QPS for the provision of a range of corporate support services.

Whilst prostitution continues to be a contentious and polarising phenomenon in the community, it has persisted over many centuries and across all civilisations in spite of moral and other objections and legal restrictions and prohibitions. The decision to regulate the sex industry is a pragmatic one, acknowledging the impossibility of eradicating prostitution, with the principle of harm minimisation at its core, and designed to limit the impact of prostitution on the community.

Priorities for 2018-19

Key priorities for the PLA in 2018-19 are to:

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

Our Corporate Governance Framework

Appointment of PLA members

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

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

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

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

The strategic planning cycle

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

Our objectives and strategies

The Strategic Plan identifies the following objectives and strategies.

Table 2

GOAL	STRATEGY
<p><i>To ensure an efficient and effective brothel licensing system</i></p>	<ul style="list-style-type: none"> • Process applications and forward them to the QPS within 20 business days. • Regularly liaise with QPS on the status of applications. • Provide clear and concise information to applicants. • Monitor the application process and make appropriate changes to ensure a more efficient and effective system. • Contribute to any review of the Prostitution Act or other legislation which impacts on the PLA. • Contribute to and implement any amendments to the Prostitution Act. • Engage with the Minister for Police and with other government agencies on the regulation of the sex industry. • Inform and educate stakeholders on the application process and their regulatory obligations. • Being responsive to stakeholder feedback.
<p><i>To have a licensed brothel sector that complies with the Prostitution Act and best practice standards</i></p>	<ul style="list-style-type: none"> • Monitor compliance via regular scheduled and unannounced audits and inspections of all licensed brothels. • Educate licensees and managers about their obligations and the expectations of the PLA. • Review and amend brothel licence conditions for currency and best practice. • Publish and distribute the <i>Operational Standards Manual</i>. • Monitor compliance with the <i>Guidelines for Prostitution Advertising</i>. • Take and respond to complaints about licensed brothel operations. • Issue penalty infringement notices when warranted.
<p><i>To inform the sex industry, the community and the Minister for Police about relevant prostitution issues in Queensland</i></p>	<ul style="list-style-type: none"> • Publish and disseminate fact sheets, newsletters, and other documents (in multiple languages, if appropriate). • Ensure that information on the PLA website is relevant and current. • Liaise with the Queensland sex worker organisation, Respect Inc. • Written communication with key stakeholders, as appropriate, throughout the year. • Regular and timely communication with the Minister for Police.
<p><i>To provide a safe, fair and productive workplace at the PLA</i></p>	<ul style="list-style-type: none"> • Provide leadership to ensure acceptable service provision at the PLA. • Supportive and open style of management. • Review workflow and processes of PLA operations. • Ensure staff are provided with relevant training opportunities.

Ethical and professional conduct

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

The Prostitution Act permits the obtaining of a person's extended criminal history in order to determine if they should be considered for appointment to the Office of the PLA or if they should continue to be engaged as a staff member. Additionally, staff are obliged to provide notice of a change in their extended criminal history. None of our staff have an extended criminal history and there were no changes notified in 2017-18.

To overcome any potential conflict of interest when considering licence and manager's certificate applications, we comply with guidelines established in our *Probity Investigation Manual (PIM)*. The PIM identifies procedures to notify PLA members of the names of individuals associated with licence and certificate applications to ensure a transparent decision-making process. The PIM was reviewed and updated in 2017-18.

Public interest disclosures

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

Risk management

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

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

The PLA has been in operation since 1 July 2000. In the intervening years, the risks facing the PLA have been identified and addressed through the successive development of policy and procedures. Risk control measures have been implemented across the agency for all business areas and there is a process of ongoing review of existing policies and procedures. Staff are encouraged to raise and discuss any further risks that they identify throughout the year, which can then be assessed and remedied by the institution of new control measures or by modifying existing policies and procedures. This year's risk assessment concluded that existing controls and mitigating factors are adequate to address the identified risks to the operations of the agency. There have been no incidents or breaches in the intervening period and accordingly a further risk assessment has not been warranted.

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

External audit

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

Internal audit

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

In 2017-18, we undertook our triennial systems appraisal with the objective of identifying specific risks to the PLA, evaluating the degree of risk for each system/process, identifying current controls and implementing appropriate control improvements to minimise the risk. The systems appraisal was completed in consultation with relevant PLA staff with the following systems reviewed:

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

The results of the systems appraisal were provided to the Executive Director for consideration and approval. The PLA implemented appropriate control measures for relevant risks. The next systems appraisal is to be completed in 2020-21.

Records management

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

Our Business

Brothel licensing

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

Table 3: Licensed brothels in Queensland at 30 June 2018

Address	Name of Brothel	Date Opened	Telephone Contact
Brisbane City Council			
88 Logan Rd, Woolloongabba	88 on Logan	13.06.03	3891 1198
1/32 Meadow Ave, Coopers Plains	Asian Star on Meadow	12.06.09	3216 7222
12 Nile St, Woolloongabba	Cleo's on Nile	22.10.05	3393 1678
83 Randolph St, Rocklea	Ding Ding 83	15.05.09	3875 2088
120 Robinson Rd, Geebung	Miso Honey	02.05.02	3865 6066
180 Abbotsford Rd, Bowen Hills	Montecito	30.02.06	3852 2057
61 Spine St, Sumner Park	Sky Angel	28.07.11	3279 2928
175 Abbotsford Rd, Bowen Hills	Platinum 175	25.04.14	3854 0032
945 Fairfield Rd, Yeerongpilly	The Viper Room	17.05.02	3392 7070
476 Boundary Rd, Archerfield	Yimi 476	24.08.05	3277 7318
Cairns Regional Council			
11 Cava Cl, Bungalow	Northern Belle	29.12.06	4033 5955
Gold Coast City Council			
1/29 Expansion St, Molendinar	Luvasian	02.09.05	5564 5599
30 Jade Dr, Nerang	Pentagon Grand	12.04.02	5597 0777
13/38 Eastern Service Rd, Stapylton	Pryana Rose	26.09.13	3382 0945
44 Upton St, Bundall	Silks on Upton	12.03.02	5538 2088
37 Upton St, Bundall	Utopia in Paradise	01.07.06	5539 0224
Logan City Council			
26 Magnesium Dr, Crestmead	Club 26	19.11.05	3803 1000
Moreton Bay Regional Council			
22 Brewer St, Clontarf	Intimate Encounters	20.08.03	3283 6111
Sunshine Coast Regional Council			
13 Cessna St, Marcoola	Lush	04.07.14	5450 7773
Toowoomba Regional Council			
1/14 Civil Court, Harlaxton	Deviations	12.09.09	4613 1133

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

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

During the year, the PLA reviewed and streamlined the brothel licence, brothel licence annual return, and brothel licence renewal application forms. This 'red tape' reduction measure is aimed at ensuring that the forms are more 'user friendly', not overly burdensome and a deterrent to the making of applications whilst ensuring that the required information is relevant to the criteria to be considered in determining the suitability of applicants. In the case of the brothel licence application form, its length was reduced from 71 pages to 29.

In 2017-18, there were 27 brothel licence applications, comprising four new applications, 19 annual returns and four renewals¹ (table 4). Of the new licence applications, two were granted, one was withdrawn, and one will be decided in 2018-19. Of the licence renewal applications, one was granted, and the remaining three applications will be considered in 2018-19.

Two brothel licence applications which were lodged in 2016-17 were decided this year and each of the applicants was found unsuitable to be granted a brothel licence and the applications were refused accordingly.

There were a total of 92 approved manager's certificate applications in 2017-18, comprising 23 new applications, 49 annual returns and 20 renewals (table 4). Of the new certificate applications, 18 were granted, two were withdrawn, and the remaining three applications will be considered by the PLA in 2018-19. Of the 20 certificate renewal applications, 18 were granted, one was withdrawn, and the remaining application will be considered in 2018-19.

Table 4: Applications received 2017-18

	Brothel licences	Approved manager's certificates
New applications	4	23
Annual returns	19	49
Renewal applications	4	20
Total	27	92

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

Development approval

In Queensland, the licensing and location of brothels are two separate matters administered by two different levels of government. The PLA is a State Government agency and it is responsible for the licensing of individuals to operate a brothel. It is local councils that are responsible for deciding development approval applications in respect of brothels. Under Schedule 10, Part 2, Division 1 of the *Planning Regulation 2017*, a brothel must not:

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

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

From the beginning of the licensed brothel framework, there have been 57 applications made to local governments in Queensland for development approval for a brothel (table 5). There were no applications made in 2017-18, as was the case the previous year. The majority of development applications for brothels have been for premises in the Brisbane and Gold Coast areas. In excess of half of all applications have been approved.

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

There are 12 premises in Queensland for which local government authorities have granted development approval for a brothel, but which do not currently have an operational brothel and for which the PLA did not receive a brothel licence application in 2017-18 (table 6).

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

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

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

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

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

Table 6: Council approved premises on which there is not an operational brothel and for which the PLA did not receive a brothel licence application in 2017-18

Local authority	Address
Brisbane	1/9 Alton St, Coopers Plains 1090 – 1110 Kingsford Smith Dr, Eagle Farm
Cairns	5 Southgate Cl, Woree 7 Owen Cl, Portsmith
Gladstone	48 Callemondah Dr, Gladstone
Gold Coast	5/47 Newheath Dr, Arundel
Logan	3509 Pacific Hwy, Slacks Creek
Redland	10/68 Redland Bay Rd, Capalaba
Rockhampton	17 Bush Cres, Parkhurst
Townsville	28 Leyland St, Garbutt 17 Hugh Ryan Dr, Garbutt 15 Carmel St, Garbutt

Monitoring and Compliance

The compliance program

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

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

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

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

There are a set of standard conditions that attach to each brothel licence and approved manager's certificate. These conditions are reviewed annually by the PLA, in consultation with licensees and managers where appropriate. The PLA has the power to attach any relevant additional conditions as it sees fit.

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

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

Audits and inspections of each of the State’s licensed brothels continue to demonstrate that the sector is overall highly compliant with its regulatory obligations. Licensees are generally committed to maintaining a safe, clean and legal sector. During 2017-18, there were 165 compliance activities undertaken by staff of the Office of the PLA. As a result of audits and inspections throughout the year, 75 corrective actions were required (table 8). This represents an increase on the previous year when 48 corrective actions were required. Licensees are given a date by which any non-compliances must be rectified. If they are not addressed by the due date, licensees may be issued with a notice to appear to provide an explanation to PLA members. This tends to ensure that licensees are more responsive to rectifying non-conformances in a timely manner.

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

Table 8: PLA compliance activities 2017-18

Number of compliance activities	165
Number of required corrective actions as a result of audits and inspections	75

Disciplinary action

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

This year, a brothel licensee was issued with a disciplinary inquiry notice on 15 June 2018. The inquiry was not completed by the end of the year and will extend into the following year. The purpose of a disciplinary inquiry is to determine whether there are grounds for taking disciplinary action. In this case, the grounds are that the licensee has:

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

Penalty infringement notices (PINs)

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

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

In 2017-18, a total of 23 PINs were issued by the QPS and by the PLA, compared to 40 in the previous year.

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

- offering to provide prostitution involving sexual intercourse or oral sex without using a prophylactic
- publishing an advertisement for prostitution that describes the services offered
- knowingly giving the Authority a document containing false or misleading information
- failing to keep a record for each period the brothel is open for business.

Automatic suspension and automatic cancellation

Sections 24B, 25, 50B, and 51 of the Prostitution Act provide for the automatic suspension/cancellation of brothel licences and approved manager's certificates for non-payment of annual fees. No brothel licences were automatically suspended or cancelled in 2017-18. During the year, the approved manager's certificates of 26 individuals were automatically suspended and 22 were automatically cancelled. The automatic suspension of one certificate was lifted after the individual paid the annual return fees. Three approved managers' elected to surrender their certificate to the PLA so that the certificate did not progress to automatic cancellation. In most cases, the certificate holders had already left the industry but had failed to advise the PLA and surrender their certificate. If a licence or certificate is automatically cancelled, the holder is ineligible to apply for another licence or certificate for a period of three years.

Complaints

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

During 2017-18, the PLA received a total of 26 complaints relating to prostitution issues (figure 7). This was down on the number of complaints in the previous year (figure 6). 16 complaints were received about the operation of licensed brothels, an increase on the previous year. None of these complaints were about the impact on community amenity of a brothel.

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

Figure 7: Number and Type of Complaints

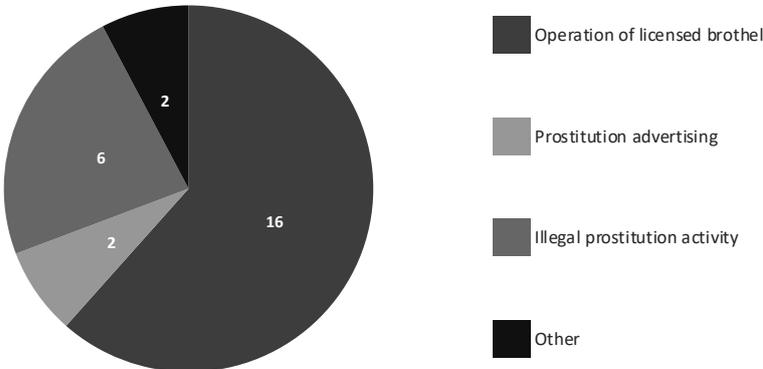
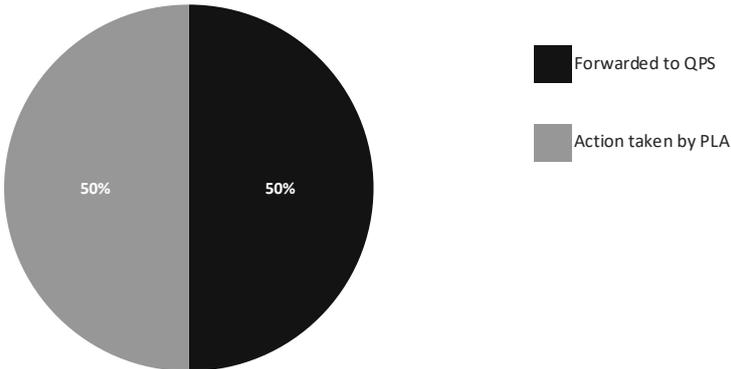


Figure 8: Resolution of Complaints



Police entries to licensed brothels

During the year, the PLA received advice from the police, as required under s. 61 of the Prostitution Act, of 23 police entries to 12 licensed brothels (table 9). The police may enter brothels for a variety of reasons, including:

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

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

Table 9: Police entries to licensed brothels

Brothel	Number of entries
Cleos on Nile	2
Asian Star on Meadow	1
Pryana Rose	1
Club 26	1
Ding Ding 83	1
Silks on Upton	2
Miso Honey	2
Montecito	1
Pentagon Grand	1
Sky Angel	8
The Viper Room	1
Utopia in Paradise	2
TOTAL	23

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

Advertising of prostitution

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

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

The PLA has published *Guidelines about the approved form for prostitution advertising*. Advertisers and publishers must self-assess the proposed advertisement against the guidelines and thereby determine if the advertisement is in the approved form. In a limited range of circumstances, the guidelines require that specified advertisements must be submitted for the approval of the PLA. This year, the PLA decided to streamline and simplify the Guidelines and the new Guidelines will take effect in 2018-19.

The Authority continues an advertising surveillance program which commenced in 2003. A sample of approximately 650 print or web based media advertisements are examined each month. The surveillance program has identified a 98 per cent compliance rate. This year, the PLA received two complaints about prostitution advertising, which would tend to indicate that these advertisements are not a source of significant community concern (figure 7). In most cases, non-compliance is dealt with by contacting the publisher, informing them of the breach and educating them about the provisions of the guidelines. Since the introduction of PINs, the PLA and the QPS also have the option of issuing PINs for a range of prostitution advertising offences. 14 PINs for advertising offences were issued in 2017-18.

Social escort services advertising

The PLA is also responsible for the regulation of social (i.e. non-sexual) escort services advertising. The Prostitution Act requires that an advertisement for a social escort service must not be published unless it is in the approved form, and gives the PLA the power to issue guidelines about the approved form (in the same manner as for prostitution advertising). The PLA has published *Guidelines for social escort services advertising*. It is the responsibility of advertisers and publishers to determine if proposed advertisements conform to the guidelines. It is a requirement of the Prostitution Act that an advertisement for social escort services must contain the words 'non-sexual' or 'sexual services are not provided'. PLA advertising surveillance detected nil breaches of social escorts advertising in 2017-18.

Liaison and Assistance

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

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

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

Communicating with members of the public

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

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

The PLA website

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

Communicating with the sex industry

During 2017-18, the PLA continued its engagement with the Queensland sex worker organisation, Respect Inc. Staff of the Office of the PLA and Respect Inc discussed topical matters and any issues of concern. The PLA consults with Respect Inc on relevant sex industry matters. In appropriate cases, the PLA refers sex workers (particularly sole operator sex workers) to Respect Inc for assistance. The PLA has provided the organisation with fact sheets and brochures and the PLA has some Respect Inc resources at its office. The PLA is committed to ongoing engagement, on relevant matters, with Respect Inc in 2018-19.

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

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

details of the latest sex industry research, the obligations and responsibilities of licensees and managers, sex industry developments and happenings in other jurisdictions, and other issues relevant to the sex industry.

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

Prior to the advent of three year licences, the PLA met with licensees every 12 months as they applied for their licences. This was an ideal opportunity for licensees to provide feedback to the PLA and to raise any issues pertinent to their operations. Whilst this is no longer possible, licensees and managers may request to address members of the PLA at their monthly meetings in order to talk about any issues of concern, such as their brothel operations, the licensed industry more generally, or their treatment by the PLA. The PLA continues to meet with licensees at consideration of their licence renewal application.

Communicating with other key stakeholders

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

Table 10: Key stakeholders attending meetings with the PLA 2017–18

Group	Number
Licensees and managers, applicants, potential applicants	40
QPS	50
Other government agencies	15
Other Organisations	25
TOTAL	130

Feedback

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

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

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

Inquiries

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

Supporting Our Business

Our people

The PLA recognises that its employees are an important asset and values the contribution of all staff members. Staff of the Office of the PLA are highly trained and skilled in the work that they undertake. They specialise in areas such as finance, administration, policy development, research, forensic accounting, probity investigation, and audit and compliance processes. Staff of the office regularly relieve in specialist areas when other staff are on leave, to maintain up-skill capacity. The Office of the PLA has a focus on client service and all staff embrace a professional approach to service delivery within a healthy and positive work environment.

The Office of the PLA's current complement of staff consists of ten full-time equivalent staff, although two positions were vacant throughout the year (table 11).

No redundancy, early retirement or retrenchment packages were paid during 2017-18.

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

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

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

Due to the small number of staff, the Office of the PLA is in the unique position of being able to maximise open communication processes. Regular inter-staff liaison provides an ideal forum to ensure staff are kept well informed, to air grievances, and to resolve any issues that may be identified.

There was no overseas travel undertaken by either members of the PLA or staff of the Office of the PLA in 2017-18.

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

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

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

Finance and administration

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

During 2017-18, finance and administration developed and reviewed several processes that influenced the PLA's outcomes. These included:

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

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

The Authority did not incur any expenditure on consultancies for 2017-18.

Information management

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

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

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

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

Open data

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

Financial Statements

2017 - 18

Prostitution Licensing Authority Financial Statements 2017-2018

Contents

	Page No.
Statement of Comprehensive Income	40
Statement of Financial Position	41
Statement of Changes in Equity	42
Statement of Cash Flows	43
Notes To and Forming Part of the Financial Statements	44
Management Certificate	59

General Information

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

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

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

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

Level 3
5 Gardner Close
MILTON QLD 4034

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

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

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

PROSTITUTION LICENSING AUTHORITY
Statement of Comprehensive Income
for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Income from Continuing Operations			
Revenue			
User charges and fees	2(a)	834,113	720,701
Grants and contributions	2(b)	724,000	721,000
Interest		37,136	37,626
Total Income from Continuing Operations		1,595,249	1,479,327
Expenses from Continuing Operations			
Employee expenses	3	964,480	931,913
Supplies and services	7	294,525	335,606
Rental expenses	8	207,328	202,370
Depreciation		12,945	10,814
Other expenses	9	26,723	36,741
Total Expenses from Continuing Operations		1,506,001	1,517,444
Operating Result from Continuing Operations		89,248	(38,117)
Total Comprehensive Income		89,248	(38,117)

The accompanying notes form part of these statements.

PROSTITUTION LICENSING AUTHORITY
Statement of Financial Position
as at 30 June 2018

	Notes	2018 \$	2017 \$
Current Assets			
Cash and cash equivalents	10	1,476,128	1,562,726
Receivables	13	6,662	7,214
Other Assets		4,708	4,677
Total Current Assets		1,487,498	1,574,617
Non-Current Assets			
Other Assets		5,095	9,802
Plant and equipment	14	85,021	57,131
Total Non-Current Assets		90,116	66,933
Total Assets		1,577,614	1,641,550
Current Liabilities			
Payables		30,453	37,905
Accrued employee benefits	15	25,290	25,200
Other Liabilities	16	191,390	337,212
Total Current Liabilities		247,133	400,317
Total Liabilities		247,133	400,317
Net Assets		1,330,481	1,241,233
Equity			
Accumulated surpluses		1,330,481	1,241,233
Total Equity		1,330,481	1,241,233

The accompanying notes form part of these statements.

PROSTITUTION LICENSING AUTHORITY
Statement of Changes in Equity
for the year ended 30 June 2018

	Notes	Accumulated Surplus \$
Balance as at 1 July 2016		1,279,350
Operating Result from Continuing Operations		(38,117)
Balance as at 30 June 2017		1,241,233
		\$
Balance as at 1 July 2017		1,241,233
Operating Result from Continuing Operations		89,248
Balance as at 30 June 2018		1,330,481

The accompanying notes form part of these statements.

PROSTITUTION LICENSING AUTHORITY
Statement of Cash Flows
for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
<i>Inflows:</i>			
User charges and fees		686,697	804,844
Grants and contributions		724,000	721,000
GST input tax credits from ATO		52,242	51,232
GST collected from customers		4,453	-
Net gains from disposal of plant and equipment		1,592	-
Interest receipts		37,169	37,999
<i>Outflows:</i>			
Employee expenses		(964,390)	(905,367)
Supplies and services		(515,052)	(606,237)
GST paid to suppliers		(52,242)	(51,233)
GST remitted to ATO		(3,933)	1,267
Other		(16,299)	(36,741)
Net cash provided by (used in) operating activities	11	(45,763)	16,764
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of plant and equipment		44,525	-
<i>Outflows:</i>			
Payments for plant and equipment		(85,360)	-
Net cash provided by (used in) investing activities		(40,835)	-
Net increase (decrease) in cash held		(86,598)	16,764
Cash at beginning of financial year		1,562,726	1,545,962
Cash and cash equivalents at end of financial year		1,476,128	1,562,726

The accompanying notes form part of these statements.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2017-18

	Objectives and Principal Activities of the Prostitution Licensing Authority
Note 1	Summary of Significant Accounting Policies
Note 2	Revenue
Note 3	Employee Expenses
Note 4	Key Management Personnel
Note 5	Disclosure of related parties
Note 6	Remuneration of Board Members
Note 7	Supplies and Services
Note 8	Rental Expenses
Note 9	Other Expenses
Note 10	Cash and Cash Equivalents
Note 11	Reconciliation of Operating Surplus to Net Cash from Operating Activities
Note 12	Financial Instruments
Note 13	Receivables
Note 14	Plant and Equipment
Note 15	Accrued Employee Benefits
Note 16	Other Liabilities
Note 17	Payables
Note 18	Commitments for Expenditure
Note 19	Contingencies
Note 20	Subsequent Events Note
Note 21	New and Revised Accounting Standards
Note 22	Future Accounting Standards
Note 23	Budget vs Actual Comparison

Objectives and Principal Activities of the Prostitution Licensing Authority

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

During 2017-18, the PLA was funded through a non-reciprocal government contribution and provides the following on a fee for service basis:

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

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

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

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury Minimum Reporting Requirements for reporting periods beginning or after 1 July 2017, and other authoritative pronouncements.

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

Except where stated, the historical cost convention is used.

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

(b) The Reporting Entity

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

(c) Insurance

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

(d) Taxation

The PLA is a State Body as defined under the Income Tax Assessment Act 1936 and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the PLA. GST credits receivable from, and GST payable to the ATO, are recognised (refer to note 13).

(e) Accounting Estimates and Judgements

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

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

**PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2017-18**

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

(f) Issuance of Financial Statements

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

(g) Other Presentation Matters

Rounding

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

Comparatives

Comparative information reflects the audited 2016-2017 financial statements.

Current/Non-Current Classification

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

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

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

2. Revenue

(a) User Charges and Fees

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

* Prostitution Infringement Notices/Fines collected, but not controlled, by the PLA are reported as Infringement notice revenue. The Infringement notice revenue are transfers to government as administered income (refer to note 9).

	2018	2017
	\$	\$
User charges and fees		
Fees for licences	601,885	468,878
Fees for licence applications	140,920	140,125
Fees for certificates	4,220	4,899
Fees for certificate applications	76,051	79,391
Infringement notice revenue *	7,486	20,471
Other fees	1,959	6,937
Net gains from disposal of plant and equipment	1,592	-
Total	834,113	720,701

(b) Grants and Contributions

Government grants, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the PLA obtains control, as discussed in the Statement of Comprehensive Income.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2017-18

3. Employee Expenses

	2018	2017
Employee Benefits	\$	\$
Wages and salaries	824,428	798,496
Employer superannuation contributions	97,823	93,108
Long service leave levy	17,315	16,768
Other employee benefits	17,442	18,640
Total	957,008	927,012
Employee Related Expenses		
Staff related expenses	3,412	1,634
Workers' compensation premium	4,060	3,267
Total Employee Expenses	964,480	931,913

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

Number of Employees:	8	8
----------------------	---	---

(a) Employee Benefits

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

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

Wages, Salaries and Sick Leave

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

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

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

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

Annual Leave and Long Service Leave

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

Superannuation

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

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

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

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2017-18

4. Key Management Personnel

As from 2017-2018, the PLA's responsible Minister is identified as part of the PLA's KMP, consistent with additional guidance included in the revised version of AASB 124 Related Party Disclosures. That Minister is the Minister for Police and Minister for Corrective Services.

The following details for non-Ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2017-2018 and 2016-2017. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management and Remuneration of Board Members:

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

KMP Remuneration Policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The PLA does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2017-2018, which are published as part of Queensland Treasury's Report on State Finances.

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

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

Remuneration expenses for KMP comprises the following components:

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

Remuneration Expenses

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

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2017-18

4. Key Management Personnel (cont'd)

1 July 2017– 30 June 2018

Position	Short Term Employee		Long Term Employee Benefits \$*	Post Employment Benefits \$	Termination Benefits \$	Total Remuneration \$
	Base \$	Monetary Benefits \$				
Executive Director	171,493	6,019	3,601	18,012	-	199,125
Chairperson	29,299			4,211		33,510
Board Members	29,628			2,730		32,358
Total Remuneration	230,419	6,019	3,601	24,953	-	264,993

1 July 2016– 30 June 2017

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

5. Disclosure of related parties

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

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

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

Transactions with other Queensland Government-controlled entities

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

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

Service Level Agreement	2018	2017
	\$	\$
Department of Police corporate service charges	30,094	29,408

6. Remuneration of Board Members

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

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

Nil	3	4
\$1 - \$10,000	4	5
\$10,001 - \$50,000	1	

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2017-18

6. Remuneration of Board Members (cont'd)

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

	2018	2017
	\$	\$
Walter Tutt - Chairperson	34,372	-
Marshall Irwin - Chairperson		8,002
Paul Tully (LP)	8,424	7,663
Ms Frances de la Cuesta Hunt (CR)	7,501	7,663
Ms L Palmen (CR)	7,528	7,663
Ms Margaret Grummitt	7,696	1,798
Dr D Rowling (QH)	-	-
Mr Paul Stewart (QPS) Assistant Commissioner	-	-
Ms Sharon Loder (CCC)	-	-
Ms Kathleen Florian (CCC)	-	-
Ms Margaret Isaac (MD)	-	-
Total remuneration	65,521	32,789

Appointed dates

Walter Tutt - Chairperson was appointed in October 2017
Ms Sharon Loder (CCC) - was appointed in July 2017
Paul Tully (LP) - was reappointed in October 2017
Ms Frances de la Cuesta Hunt (CR) - was reappointed in October 2017
Ms L Palmen (CR) - was reappointed in October 2017

Retired dates

Ms Frances de la Cuesta Hunt (CR) - retired in October 2017
Ms L Palmen (CR) - retired in October 2017
Paul Tully (LP) - retired in October 2017
Marshall Irwin - Chairperson retired in March 2017
Ms Kathleen Florian (CCC) retired June 2017
Ms Margaret Isaac (MD) retired June 2017

7. Supplies and Services

Contractors	2,716	38,489
Supplies and consumables	52,819	53,190
Travel	11,242	6,253
Repairs and maintenance	19,420	15,941
Communications	33,874	74,218
Chairman and Members' fees	65,521	32,789
Department of Police corporate service charges	30,094	29,408
Public utilities	24,747	26,533
Legal services	-	10,454
Investigations and Searches	25,793	24,736
Other Services	28,299	23,595
Total	294,525	335,606

8. Rental Expenses

PLA does not directly have any operating leases, but utilises existing leases with internal-to-Government lessors (primarily for office accommodation through the Queensland Government Accommodation Office program) through an existing service level agreement with QPS (refer note 5).

At 30 June 2018, the PLA has operating lease commitments of \$478,144 and annual lease payments of \$235,539 per year for office accommodation (refer note 18(a)).

Considering their operation and impact across the whole-of-Government, the PLA is currently awaiting formal guidance from Queensland Treasury as to whether these arrangements should be accounted for on-balance sheet under AASB 16.

In the event these arrangements are to be accounted for on-balance sheet, the PLA estimates a right-of-use asset and lease liability on transition of approximately \$426,160 for office accommodation leases based on current operating lease commitments (refer note 18(a)). There will be no material financial statement impact if these arrangements are not accounted for on-balance sheet.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2017-18

9. Other Expenses	2018	2017
	\$	\$
Insurance premiums	2,493	2,660
Auditor's remuneration - external audit services*	15,300	13,000
Transfers of Administered Income to Government	7,486	20,471
Other expenses	1,444	610
Total	26,723	36,741

*Total external audit fees relating to the 2017-18 financial year are estimated to be \$13,800 (2017: \$13,000). There are no non-audit services included in this amount.

10. Cash and Cash Equivalents

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

Imprest account	300	300
Cash at bank	1,475,828	1,562,426
Total	1,476,128	1,562,726

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

Operating surplus/(deficit)	89,248	(38,117)
Depreciation and amortisation expense	12,945	10,814
Change in assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	520	1,267
(Increase)/decrease in other receivables	32	20,802
(Increase)/decrease in prepayments	4,676	(6,195)
Increase/(decrease) in fees received in advance	(145,822)	84,143
Increase/(decrease) in payables and accruals	(7,452)	(62,065)
Increase/(decrease) in accrued employee benefits	90	6,115
Net cash from operating activities	(45,763)	16,764

12. Financial Instruments

(a) Categorisation of Financial Instruments

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

<u>Category</u>	<u>Note</u>		
Financial Assets			
Cash and cash equivalents	10	1,476,128	1,562,726
Receivables	13	6,662	7,214
Total		1,482,790	1,569,940
Financial Liabilities			
Payables		30,453	37,905
Total		30,453	37,905

Recognition

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

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2017-18

12. Financial Instruments (cont'd)

Classification

Financial instruments are classified and measured as follows:

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

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

(b) Financial Risk Management

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

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

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

13. Receivables

	2018	2017
Current	\$	\$
GST receivable	4,196	4,716
Interest receivable	2,466	2,498
Total	6,662	7,214

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

The collectability of receivables is assessed periodically with provision being made for impairment.

14. Plant and Equipment

Plant and equipment		
At cost	306,002	304,515
Less: Accumulated depreciation	(220,981)	(247,384)
Total	85,021	57,131

Plant and Equipment Reconciliation

Carrying amount at 1 July	57,131	67,945
Acquisitions	83,768	-
Disposals	(42,933)	-
Depreciation	(12,945)	(10,814)
Carrying amount at 30 June	85,021	57,131

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

(a) Plant and Equipment

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

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

The PLA does not have assets at fair value.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2017-18

14. Plant and Equipment (cont'd)

(b) Depreciation of Plant and Equipment

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

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

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

Class	Rate %
Plant and equipment	10-33.3%

15. Accrued Employee Benefits	2018	2017
Current	\$	\$
Wages outstanding	22,713	20,891
Superannuation	1,886	3,638
Other employee expenses	691	671
Total	25,290	25,200
16. Other Liabilities		
Fees received in advance *		
Fees for licences received in advance	188,550	335,290
Fees for certificates received in advance	2,840	1,922
Total	191,390	337,212

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

17. Payables

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

18. Commitments for Expenditure

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

(a) Operating Rent

Not later than one year	235,539	228,167
Later than one year and not later than five years*	242,605	456,350
Total commitments	478,144	684,517

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

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

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

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2017-18

18. Commitments for Expenditure (cont'd)

(b) Other Expenditure Commitments

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

	2018	2017
	\$	\$
Not later than one year	36,157	43,160
Later than one year and not later than five years	17,186	41,780
Total	53,344	84,940

19. Contingencies

(a) Litigation in progress

The PLA has no litigation in progress at 30 June 2018.

(b) Financial Guarantees

The PLA had provided no guarantees at 30 June 2018.

20. Subsequent Events Note

No Subsequent events

21. New and Revised Accounting Standards

The PLA did not voluntarily change any of its accounting policies during 2017-2018. Australian Accounting Standards changes applicable for the first time in the 2017-2018 financial year have had minimal impact on the PLA's financial statements.

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

22. Future Accounting Standards

AASB 16 Leases

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

Impact for Lessees

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

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

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

1. Future Accounting Standards (cont'd)

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

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

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

These standards will first apply to the PLA from its financial statements for 2019-20. The PLA has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. Potential future impacts identifiable at the date of this report are as follows:

- Under the new standards, grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled.
- The PLA receives grants for which there are no sufficiently specific performance obligations — the total of these grants in the 2017-18 year were \$724,000 and are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.
- User charges and fees such as those prescribed under the regulation are not considered to be impacted by the requirements of these new standards.

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

**PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2017-18**

23. Budget vs Actual Comparison

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

Statement of Comprehensive Income

	Variance Notes	Original Budget 2018 \$	Actual 2018 \$	Variance \$	Variance % of
Income from Continuing Operations					
Revenue					
User charges and fees	1	875,000	834,113	(40,887)	-5%
Grants and contributions		729,000	724,000	(5,000)	-1%
Interest	2	45,000	37,136	(7,864)	-17%
Total Income from Continuing Operations		1,649,000	1,595,249	(53,751)	-3%
Expenses from Continuing Operations					
Employee expenses	3	1,083,000	964,480	(118,520)	-11%
Supplies and services		283,000	294,525	11,525	4%
Rental expenses		222,000	207,328	(14,672)	-7%
Depreciation		13,000	12,945	(55)	0%
Other expenses	4	39,000	26,723	(12,277)	-31%
Total Expenses from Continuing Operations		1,640,000	1,506,001	(133,999)	-8%
Operating Result from Continuing Operations		9,000	89,248	80,248	892%
Total Comprehensive Income		9,000	89,248	80,248	892%

Explanations of Major Variances

- 1 This variance is mainly due the closure of a brothel.
- 2 This variance is due to the current low interest rates received on bank balances.
- 3 This variance is mainly due to capacity planning in the staffing of compliance and enforcement functions.
- 4 This variance is due to budgeted fines not received on behalf of the government.

**PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2017-18**

23. Budget vs Actual Comparison (cont'd)

Statement of Financial Position

	Variance Notes	Original Budget 2018 \$	Actual 2018 \$	Variance \$	Variance % of
Current Assets					
Cash and cash equivalents	5	1,431,000	1,476,128	45,128	3%
Receivables		9,000	6,662	(2,338)	-26%
Other Assets		9,000	4,708	(4,292)	-48%
Total Current Assets		1,449,000	1,487,498	38,498	3%
Non-Current Assets					
Other Assets-NC		5,000	5,095	95	2%
Plant and equipment	6	103,000	85,021	(17,979)	-17%
Total Non-Current Assets		108,000	90,116	(17,884)	-17%
Total Assets		1,557,000	1,577,614	20,614	1%
Current Liabilities					
Payables	7	62,000	30,453	(31,547)	-51%
Accrued employee benefits		17,000	25,290	8,290	49%
Other liabilities		190,000	191,390	1,390	1%
Total Current Liabilities		269,000	247,133	(21,867)	-8%
Total Liabilities		269,000	247,133	(21,867)	-8%
Net Assets		1,288,000	1,330,481	42,481	3%
Equity					
Accumulated surpluses.		1,288,000	1,330,481	42,481	3%
Total Equity		1,288,000	1,330,481	42,481	3%

Explanations of Major Variances

- 5 This variance is mainly due to the timing of the lodgement of brothel applications offset by the closure of a brothel and under budgeted staffing expenditure.
- 6 This variance is due to the net cost of the asset replacement program that was lower than budget.
- 7 This variance is due to the timing of invoices received.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2017-18

23. Budget vs Actual Comparison (cont'd)

Statement of Cash Flows

	Variance Notes	Original Budget 2018 \$	Actual 2018 \$	Variance \$	Variance % of
Cash flows from operating activities					
<i>Inflows:</i>					
User charges and fees	8	945,000	686,697	(258,303)	-27%
Grants and contributions		729,000	724,000	(5,000)	-1%
GST input tax credits from ATO		-	52,242	52,242	100%
Interest receipts		45,000	37,169	(7,831)	-17%
<i>Outflows:</i>					
Employee expenses	9	(1,079,000)	(964,390)	114,610	-11%
Supplies and services		(500,000)	(515,052)	(15,052)	3%
GST paid to suppliers		-	(52,242)	(52,242)	100%
GST remitted to ATO		-	(3,933)	(3,933)	100%
Other	8	(73,000)	(16,299)	56,701	-78%
Net cash provided by (used in) operating activities		67,000	(47,355)	(114,355)	-171%
Cash flows from investing activities					
<i>Inflows:</i>					
Sales of plant and equipment	10	17,000	44,525	27,525	162%
<i>Outflows:</i>					
Payments for plant and equipment		(83,000)	(85,360)	(2,360)	3%
Net cash provided by (used in) investing activities		(66,000)	(40,835)	25,165	-38%
Net increase (decrease) in cash held		1,000	(86,598)	(87,598)	-8760%
Cash at beginning of financial year		1,430,000	1,562,726	132,726	9%
Cash and cash equivalents at end of financial year		1,431,000	1,476,128	45,128	3%

Explanations of Major Variances

8 This variance is mainly due to the timing of the lodgement of brothel applications and the closure of a brothel. In 2017-2018 the PLA received \$337,212 of income that relates to 2018-19. This is \$145,822 less than the prior years unrecognised income. The closure of the brothel reduced the cashflow revenue by \$43,920. The variance in the other expenses mainly relate to the 2017-18 unrecognised income and should be read as part of user charges and fees.

9 This variance is mainly due to capacity planning in the staffing of compliance and enforcement functions.

10 This variance is due to the timing, depreciation and the net effect of the asset replacement program.

CERTIFICATE OF THE PROSTITUTION LICENSING AUTHORITY

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

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Prostitution Licensing Authority for the financial year ended 30 June 2018 and of the financial position of the PLA at the end of that year.
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Margaret Isaac
Executive Director
Date : 06/08/2018



Walter Tutt
Chairperson
Date : 06/08/2018

INDEPENDENT AUDITOR'S REPORT

To the Board of the Prostitution Licensing Authority

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the certificate provided by the Chairperson and the Executive Director.

Basis for opinion

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

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia.

I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Responsibilities of the entity for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

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



Melissa Fletcher
as delegate of the Auditor-General



Queensland Audit Office
Brisbane

Appendix 1 - Annual report requirements for Queensland Government agencies for the 2017-2018 reporting period – Section 13.3 Government bodies (statutory bodies and other entities)

Prostitution Licensing Authority (PLA)					
Act or instrument	<i>Prostitution Act 1999</i>				
Functions	The PLA regulates prostitution in Queensland by administering the <i>Prostitution Act 1999</i> and the <i>Prostitution Regulation 2014</i> . The functions of the PLA are established by statute and include deciding applications for brothel licences and approved manager's certificates, monitoring the provision of prostitution through licensed brothels, and conducting disciplinary inquiries to decide whether there are grounds for taking disciplinary action against brothel licensees and approved managers.				
Achievements	<p>The last review of the Prostitution Act was conducted in 2011 by the Crime and Corruption Commission, which acknowledged the successful record of the PLA in regulating the state's licensed brothel sector. The PLA has maintained this high standard of regulation by careful vetting of applicants for brothel licences and approved manager's certificates to ensure that only suitable persons may influence the operations of brothels. PLA compliance officers continue to carefully scrutinise the operations of licensed brothels, by way of audits and inspections, revealing generally high levels of regulatory compliance.</p> <p>The PLA prefers to achieve compliance by education and cooperation with brothel licensees and approved managers but disciplinary action remains an option in appropriate circumstances. The PLA commenced a disciplinary inquiry in 2017-18, which will conclude in the following year.</p> <p>Because the sex industry is largely cash based, it is attractive to organised crime in order to facilitate money laundering. Since the creation of the licensing framework, there has been no confirmed instance of official corruption or organised crime at brothels in the state.</p> <p>Licensed brothels provide a safe and healthy environment for the conduct of prostitution, with the PLA promoting high standards of health and safety and prioritising the autonomy and freedom of choice of sex workers at brothels. Since the creation of the licensing framework, there has been no confirmed instance of human trafficking at any of the State's licensed brothels.</p> <p>The operations of licensed brothels have a negligible impact on the community. They operate so discreetly that the PLA has never had a complaint about the impact on community amenity of any of the State's brothels.</p> <p>There were a number of key initiatives during 2017-18. The PLA engaged with the QPS on stakeholder concerns over the scale and impact of illegal prostitution and will continue this engagement in the following year. The PLA continued to advocate for legislative reform of the sex industry, designed to target illegal operators, minimise the scope for the involvement of organised crime and the incidence of official corruption, improve the health and safety of sex workers, and enhance the scope of regulation of the sex industry. Work commenced to streamline and simplify the <i>Guidelines about the approved form for prostitution advertising</i>. A multilingual format of the guidelines was published. The brothel licence application forms were also reviewed and streamlined to make them more 'user friendly', not overly burdensome and a deterrent to the making of applications.</p>				
Financial reporting	Not exempted from audit by the Auditor-General. Transactions of the entity are accounted for in the financial statements.				
Remuneration					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received
Chairperson	Walter Tutt	7	\$650 per day (plus superannuation)	N/A	\$34,372 (including superannuation)
Member	Assistant Commissioner Paul Stewart	6	N/A	N/A	\$0
Member	Sharon Loder	8	N/A	N/A	\$0
Member	Diane Rowling	3	N/A	N/A	\$0
Member	Paul Tully	7	\$7,000 pa (plus superannuation)	N/A	\$8,424 (including superannuation)
Member	Margaret Grummitt	6	\$7,000 pa (plus superannuation)	N/A	\$7,696 (including superannuation)
Member	Lynette Palmen	6	\$7,000 pa (plus superannuation)	N/A	\$7,528 (including superannuation)
Member	Frances de la Cuesta Hunt	8	\$7,000 pa (plus superannuation)	N/A	\$7,501 (including superannuation)
No. scheduled meetings/sessions	8				
Total out of pocket expenses	\$0				

Appendix 2 - Compliance Checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister/s 	ARRs – section 7	2
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 9.1	1 3
	<ul style="list-style-type: none"> Public availability 	ARRs – section 9.2	Inside Front Cover
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	Inside Front Cover
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 9.4	Inside Back Cover
	<ul style="list-style-type: none"> Information Licensing 	<i>QGEA – Information Licensing</i> ARRs – section 9.5	N/A
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 10.1	4,5,6
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 10.2	9
	<ul style="list-style-type: none"> Machinery of Government changes 	ARRs – section 31 and 32	5,8,17
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 10.3	16,17
Non-financial performance	<ul style="list-style-type: none"> Government's objectives for the community 	ARRs – section 11.1	8
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 11.2	N/A
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 11.3	19
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 11.4	14
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1	12,13

Summary of requirement	Basis for requirement	Annual report reference	
Governance – management and structure	• Organisational structure	ARRs – section 13.1	8
	• Executive management	ARRs – section 13.2	6, 8, 49
	• Government bodies (statutory bodies and other entities)	ARRs – section 13.3	N/A
	• Public Sector Ethics Act 1994	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	20
	• Queensland public service values	ARRs – section 13.5	N/A
Governance – risk management and accountability	• Risk management	ARRs – section 14.1	20,21
	• Audit committee	ARRs – section 14.2	21
	• Internal audit	ARRs – section 14.3	21
	• External scrutiny	ARRs – section 14.4	21
	• Information systems and recordkeeping	ARRs – section 14.5	21,37
Governance – human resources	• Strategic workforce planning and performance	ARRs – section 15.1	36
	• Early retirement, redundancy and retrenchment	<i>Directive No.11/12 Early Retirement, Redundancy and Retrenchment</i> <i>Directive No. 16/16 Early Retirement, Redundancy and Retrenchment (from 20 May 2016)</i> ARRs – section 15.2	36
Open Data	• Statement advising publication of information	ARRs – section 16	37
	• Consultancies	ARRs – section 33.1	37
	• Overseas travel	ARRs – section 33.2	36
	• Queensland Language Services Policy	ARRs – section 33.3	N/A
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1	59
	• Independent Auditor’s Report	FAA – section 62 FPMS – section 50 ARRs – section 17.2	60, 61

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

Contact Information

Prostitution Licensing Authority

Chair:	Mr Walter H Tutt
Executive Director:	Ms Margaret Isaac
Address:	Level 3, 5 Gardner Close Milton, Queensland
Postal address:	GPO Box 3196 Brisbane QLD 4001
Telephone:	(07) 3858 9500
Fax:	(07) 3876 3641
E-mail:	pladmin@iprimus.com.au
Website:	www.pla.qld.gov.au

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

