Joint Submission to the ICRC: Review of Sewerage Tariff and Liquid Trade Waste Charging – Draft Report

Submission Closes 26 October 2026 (Extension Granted)

Item	Detail
Submitted to	Independent Competition and Regulatory Commission (ICRC), ACT (icrc@act.gov.au)
Review	Review of sewerage tariff and liquid trade waste charging – Draft Report (released 15 September 2026)
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Trade waste approvals	**Capital Brewing Co:** Icon Water LTWAPP-2025-3012, Discharger No. LTWAPP-2025-3012-D-2804 (High Risk, Brewery), 1 March 2025–1 March 2030 **BentSpoke Brewing Co (Mitchell Cannery):** Icon Water LTWAPP-2025-3028, Discharger No. LTWAPP-2025-3028-D-2883 (High Risk, Brewery), 1 March 2025–1 March 2030
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Submission closes	26 October 2026 (Extension Granted)
Confidentiality	Public with Appendix A redacted
Prepared by	Capital Brewing Co and BentSpoke Brewing Co

1. Executive summary

Capital Brewing and BentSpoke Brewing (which together generate the substantial majority of the Territory's commercial brewing output) support the principle of cost-reflective, polluter-pays liquid trade waste charging. We ask the Commission to make targeted changes so that Stage 1 and Stage 2 recover real costs rather than penalising small independent breweries that cannot change the basic chemistry of brewing wastewater.

Under the pollutant charges in Table 6.3 of the Draft Report, Capital Brewing's charges would be about $53,600 a year, rising to about $68,300 depending on how the 3x rate is applied. Adding the Stage 1 annual fee and per-event non-compliance fees, Capital's total exposure is about $57,600 to $85,400 a year. At BentSpoke's Mitchell production cannery (which discharges an estimated 7.47 ML/year of effluent from 12.45 ML/year of potable water intake), Stage 2 pollutant charges would add a further $92,000+ a year depending on which quarterly compliance sample is applied, bringing combined exposure for stage 2 pollutant charges across just our two independent breweries to roughly $145,000+ a year—or roughly 48%+ of the entire $300,000 Stage 2 revenue pool estimated by the Draft Report across all high-risk customers in the ACT. About 95% of Capital's baseline pollutant charge comes from

the 3x non-compliance rate, mostly on biochemical oxygen demand (BOD), rather than from the cost of treatment.

This outcome directly contradicts Icon Water's own consultation findings in its *Customer Research and Engagement Report* (May 2026), which explicitly identified that *"Small breweries and 'mum and dad' food service businesses were felt to be most at risk"* (p. 3) and warned that *"there was a sense that no business would be able to absorb a $20,000 increase in fees and it would impact the viability of businesses…"* (p. 14). Moreover, in its June 2026 Supplementary Submission (p. 14), Icon Water acknowledges that the ACT's Tier 2 water consumption tariff ($5.91/kL from 1 July 2026) may combine with new wastewater charges to create "a stronger cumulative cost signal than either charge alone" for water-intensive food processors.

Bringing the discharge within current limits would need on-site biological treatment that Capital Brewing estimates at $500,000 to $750,000 in capital per site, plus ongoing opex costs. There is no physical space for such a plant at the 1 Dairy Road precinct in Fyshwick or at BentSpoke's leased industrial units at 61–79 Lysaght Street in Mitchell. The national brewing sector is also under severe financial pressure, with at least 80 brewery closures in the past three years.

Brewery BOD is also different in kind from most high-strength trade waste. It is soluble, readily biodegradable carbon (sugars, ethanol and volatile fatty acids). This is the kind of carbon a nutrient-removal plant like the Lower Molonglo Water Quality Control Centre (LMWQCC) needs for denitrification, and which plants elsewhere buy as methanol or acetate.

Capital Brewing and BentSpoke Brewing request that the Commission:

1. Require the final framework to allow industry and site-specific acceptance limits, especially for BOD and COD (and align standard industrial acceptance limits with Sydney Water's thresholds: no upper limit on BOD, 600 mg/L on TSS, and 50 mg/L on Total Phosphorus), where the waste is biodegradable and the receiving plant has capacity. This is consistent with the NSW framework on which the ACT approach is modelled, and with Sydney Water's practice. Crucially, because Stage 1 non-compliance charging ($543/breach) commences on 1 July 2028 (Icon Water Supplementary Submission, Table 7, p. 12), site-specific limits must be approved before 1 July 2028, not held back until 2030.
2. Direct that, under such an agreement, BOD up to the site-specific limit is charged at the standard mass rate ($1.01/kg), not the non-compliance rate. Icon Water should also quantify any treatment benefit (avoided carbon dosing, improved nitrogen removal) and reflect it in the BOD charge.
3. Review the 3x non-compliance rate and the $543 Stage 1 non-compliance event fee (which is 3.6 times Sydney Water's IPART-approved $152.31 fee) so they are based on cost recovery, not penalty. At a minimum, any mass multiplier should apply only to the mass above the limit, only after repeated exceedances, and not where a site-specific agreement or approved improvement plan is in place.
4. Require supporting measures before Stage 1 and Stage 2 begin: flow-weighted averaging of results, published domestic thresholds, confirmed billing strictly on effluent sub-meters (or a 60% brewery discharge factor), shadow billing, and a phased transition.

2. Background

Capital Brewing Co. Capital Brewing is an independent craft brewery and certified B Corp at the 1 Dairy Road precinct in Fyshwick. The precinct is a mixed-use, multi-tenanted site that also houses art studios, gyms, light manufacturing, offices and warehouses. Capital Brewing leases its premises and does not control the wider site.

BentSpoke Brewing Co (Mitchell Cannery). BentSpoke Brewing is an independent Canberra brewery founded in 2014. While BentSpoke's founding brewpub in Braddon is part of a multi-occupant commercial building complex and is not rated as a High-Risk industrial site, BentSpoke operates its commercial production and canning facility ("The Cannery") across leased light-industrial units at 61–79 Lysaght Street, Mitchell.

Existing trade waste approvals. Capital Brewing holds a High Risk Non-Domestic (Liquid Trade Waste) Discharge Approval from Icon Water (LTWAPP-2025-3012), valid from 1 March 2025 to 1 March 2030. BentSpoke Brewing holds an identical High Risk Non-Domestic Discharge Approval for its Mitchell Cannery (LTWAPP-2025-3028, Discharger No. LTWAPP-2025-3028-D-2883), also valid from 1 March 2025 to 1 March 2030. Both approvals set identical blanket concentration limits (for example BOD 600 mg/L,

COD 1,800 mg/L, TSS 300 mg/L, TKN 100 mg/L, oil and grease 100 mg/L, and total phosphorus 20 mg/L) and daily mass limits, and require quarterly composite sampling by a NATA-accredited laboratory.
Existing pre-treatment. Capital Brewing's site already operates an automatic pH correction system, a pH balancing tank, temperature control, industrial Q-Max pumping system with level alarms, 2 x 3500L holding tanks, bucket traps and a Sydney Water compliant calibrated electromagnetic flow meter with a sampling point. BentSpoke's Mitchell Cannery operates a 2,000 L grease trap, a pH correction unit, an 1,800 L balancing tank, a heat exchanger, a rotary screen filter, a 390 L pump station/well, and has recently installed a Sydney Water compliant electromagnetic flow meter fitted with auto-sampler connections.
Prior engagement and Icon Water's consultation findings. Capital Brewing made a submission to the Commission's Issues Paper. As the Draft Report notes (section 2.3), it supported an evidence-based, cost-reflective framework that recognises customer impacts, existing pre-treatment and water-efficiency investments, and appropriate transition. Meanwhile, Icon Water's own *Customer Research and Engagement Report* (prepared by SEC Newgate, 6 May 2026) documented that small breweries were explicitly identified by stakeholders as among the businesses *"most at risk"* (p. 3), noting focus group warnings that *"no business would be able to absorb a $20,000 increase in fees and it would impact the viability of businesses…" (p.* 14). During Icon Water's March 2026 consultation webinars, presentation slides showed Option B mass-based pollutant charges as *"$0 – $2,000+"* (p. 18) and illustrated a *"Brewery"* case study (10,000 kL/year water use, 50% discharged to sewer) facing $3,000 to $4,000/year in fixed high-risk fees and $200 to $400 per non-compliance instance (p. 21). Neither the $543 non-compliance fee nor the $53,600 to $92,000+ annual brewery bills resulting from the Table 6.3 rates and 3x multiplier were visible to breweries during those sessions.
What the Draft Report and Icon Water's Supplementary Submission propose. The Commission's draft decision (Chapter 6) adopts Icon Water's staged framework (set out in Table 7, p. 12 of Icon Water's June 2026 Supplementary Submission):

- Non-compliance charges ($543 per parameter breach) from 1 July 2028 (two full years before Stage 2 pollutant charges start)
- Fixed management charges ($3,947 to $4,076/year for Industrial Tier 1/Tier 2) from 1 July 2029
- Mass-based pollutant charges for high-risk customers from 1 July 2030 (Table 6.3: BOD $1.01/kg, TSS $0.42/kg, FOG $0.66/kg, TKN $1.20/kg, TP $3.52/kg)
- A 3x rate "where liquid trade waste acceptance limits are exceeded", with acceptance limits taken from each customer's agreement.

The Draft Report estimates that fewer than 20 customers would pay Stage 2 charges (out of just 28 high-risk approvals across the ACT identified in section 4.1 of the Issues Paper), totalling about $300,000 a year. It lists an indicative $64,000 a year for a "Food and brewery manufacturing" customer (Table 6.5).

3. Discharge characterisation and the variability of samples

Both Capital Brewing's and BentSpoke Cannery's effluent are moderate-volume, high-organic-strength streams dominated by soluble, biodegradable carbon.

- **Capital Brewing volume:** Over the 12 months from 15 September 2025 to 14 September 2026, Capital's site discharged **6,880 kL (6.88 ML)** of trade waste, measured on its calibrated trade waste flow meter.
- **BentSpoke Cannery volume:** Over the 12 months from 13 August 2025 to 14 August 2026 (across four quarterly Icon Water invoices), BentSpoke consumed 12,453 kL (12.45 ML) of incoming potable water, peaking in the warmer brewing months (3,122 kL in Aug–Nov 2025; 3,213 kL in Nov 2025–Feb 2026; 3,535 kL in Feb–May 2026; and 2,583 kL in May–Aug 2026). Applying an industry-accepted brewery return-to-sewer factor of 60%—which accounts for ~2.4 ML/year of water exported in packaged beer, plus water lost to kettle boil-off, cooling evaporation and moisture retained in spent grain—BentSpoke's annual trade waste discharge is **~7,472 kL (~7.47 ML).**

The table below compares Capital Brewing's compliance sample (ALS Certificate CA2603664, 25 June 2026) with BentSpoke Cannery's most recent quarterly compliance sample (ALS Certificate CA2603758, 27 July 2026).

Parameter	Icon Water Limit (mg/L)	Sydney Water Limit (mg/L)	Capital Result (25 Jun 26, mg/L)	Capital Load @ 6.88 ML (kg/yr)	BentSpoke Result (27 Jul 26, mg/L)	BentSpoke Load @ 7.47 ML (kg/yr)
BOD5	600	No limit	2,720	18,714	2,620	19,571
Total suspended solids (TSS)	300	600	372	2,559	471	3,518
Oil and grease (FOG)	100	110 / 200	10	69	—	Negligible
Total Kjeldahl nitrogen (TKN)	100	150	69	475	59.6	445
Total phosphorus (TP)	20	50	107	736	558	4,169
COD (not a Stage 2 parameter)	1,800	No limit	5,290	36,395	4,540	33,913
Ethanol (not a Stage 2 parameter)	—	—	666	4,582	—	—

Three features of this profile matter for the Commission's design choices:

1. **The organic load is readily biodegradable.** Capital's BOD5: COD ratio is about 0.51, and ethanol alone accounts for about 1,390 mg/L of COD (about 26% of the total). BentSpoke's July sample shows a very similar baseline organic profile: 2,620 mg/L BOD5 and 4,540 mg/L COD (a BOD5: COD ratio of 0.58). Brewery organics are mainly sugars, alcohols and volatile fatty acids, not fats, oils or recalcitrant compounds. Capital's oil and grease is only 10 mg/L, a tenth of the limit.
2. **The load is small relative to LMWQCC.** LMWQCC treats 80–90 ML a day (Icon Water). Capital Brewing's average flow of under 20 kL a day and BentSpoke's average flow of about 20 kL a day are each about 0.02% of that (under 0.05% combined), and their baseline BOD load is about 51 to 54 kg a day each.
3. **Transient brewing and cleaning processes prove why a single quarterly sample cannot be extrapolated across a quarter's flow.** Brewery effluent varies widely throughout a week, with brewing, packaging, cleaning (CIP) and filtration cycles skewing a period's sample results. Because existing balancing tanks at leased urban breweries are constrained by floor space, a single sample is heavily skewed by whichever processes coincide with sampling. We do not have the ability to hold and blend a week's worth of process discharge. As demonstrated by BentSpoke's 558 mg/L total phosphorus result above, coinciding with an acid wash cycle on testing day creates a massive mathematical distortion. Extrapolating a 24-hour brewery cycle

across an entire year's volume at a 3x penalty rate creates a massive billing distortion—which is why Section 10 requests flow-weighted averaging across multiple samples.

Capital Brewing and BentSpoke Brewing acknowledge that total phosphorus and suspended solids are above current Icon Water limits. Unlike BOD, these are not beneficial to treatment, and both breweries commit to reducing them through source control (Section 11)—noting also that Capital's TSS (372 mg/L) and BentSpoke's July TSS (471 mg/L) are already within Sydney Water's standard industrial acceptance limits (600 mg/L TSS).

4. Financial impact of the proposed Stage 2 charges and the Tier 2 water tariff double hit

As proposed, Stage 2 would cost Capital Brewing about $53,600 a year in pollutant charges, of which about $51,100 (95%) is non-compliance loading. For BentSpoke Cannery (at 7.47 ML/year), Stage 2 pollutant charges would add $92,382 a year based on its most recent compliance sample. Combined, Capital and BentSpoke alone would account for about 48% of the entire $300,000 the Draft Report expects from all Stage 2 customers across the ACT.

Method. Load (kg) = concentration (mg/L) × annual effluent volume (6.88 ML for Capital; 7.47 ML for BentSpoke). The Draft Report says charges apply only to pollutants "above domestic thresholds" (Appendix, Icon Water supplementary submission) but does not publish those thresholds. This submission uses the NSW deemed domestic concentrations (BOD 300, TSS 300, FOG 50, TKN 50, TP 10 mg/L; e.g. Central Coast Council). Following the NSW structure, the standard rate applies between the domestic threshold and the approved limit, and the 3x rate applies to the load above the approved limit.

Parameter	Capital Load @ Standard Rate (kg)	Capital Load @ 3x Rate (kg)	Capital Annual Charge (6.88 ML)	BentSpoke Charge based on July Sample
BOD5 ($1.01 / $3.03)	2,064 @ $1.01	14,586 @ $3.03	$46,279	$47,984
TSS ($0.42 / $1.26)	0	495 @ $1.26	$624	$1,610
FOG ($0.66 / $1.98)	0	0	$0	$0
TKN ($1.20 / $3.60)	131 @ $1.20	0	$157	$86
Total phosphorus ($3.52 / $10.56)	69 @ $3.52	599 @ $10.56	$6,563	$42,702
Total Stage 2 Pollutant Charge			**$53,623**	**$92,382**

Total annual exposure. The pollutant charge is only part of the cost. Total annual trade waste exposure across the phased rollout is:

Component	Capital Brewing (Low – High)	BentSpoke Cannery (Based on July Sample)
Stage 2 pollutant charges (3x on excess / 3x on whole load or cycle spike)	$53,623 – $68,316	$92,382

Stage 1 annual agreement fee (Industrial Tier 1 / Tier 2, Table 6.2, from 1 July 2029)	$3,947 – $4,076	$3,947 – $4,076
Stage 1 non-compliance fees ($543 per event; 0 to 6 parameters × 4 quarterly samples, from 1 July 2028)	$0 – $13,032	$0 – $13,032
Total Annual Trade Waste Exposure	**$57,570 – $85,424**	**$96,329 – $109,490**

This is a new recurring cost comparable to one or more full-time production salaries per brewery, for businesses that pay no dedicated trade waste charges today.

The 3x rate, not treatment cost, drives the bill. Charging Capital's discharge at the standard rate (load above domestic thresholds) gives about $19,500 a year. In other words, about $34,000 a year for Capital, and about $60,000 a year for BentSpoke of the proposed charge is a penalty on top of Icon Water's stated cost of treatment.

Compound impact with the ACT's Tier 2 water consumption tariff (the "double hit"). Across the four quarters from August 2025 to August 2026, BentSpoke Cannery already paid in excess of $70,000 in water and sewerage bills, with 98% of its water volume billed at the punitive Tier 2 inclining block rate (which rose from $5.58/kL to $5.91/kL on 1 July 2026). In its June 2026 Supplementary Submission (*Review of the Tier 2 Inclining Block Water Tariff*, p. 14; see also p. 6), Icon Water acknowledges that for water-intensive food and industrial operators who have already maximised water conservation, the Tier 2 water tariff may create an adverse cumulative cost signal and that *"Many comparable jurisdictions have moved away from inclining block structures in favour of more cost-reflective pricing, in part for this reason"*. Layering a 3x trade waste penalty multiplier on top of the ACT's $5.91/kL Tier 2 water tariff subjects local breweries to an unsustainable double penalty.

5. Why treatment to current limits is not a feasible response

The Draft Report expects pollutant charges and the 3x rate to drive investment in pre-treatment (sections 6.6.1 and 7.3.4). For Capital Brewing and BentSpoke Brewing, that signal cannot produce the intended response for three reasons:

1. **Capital cost is out of proportion to the business.** Bringing BOD from about 2,600–2,700 mg/L to under 600 mg/L needs biological treatment (for example an anaerobic reactor or a moving-bed or membrane bioreactor), with solids handling and odour control. Capital Brewing's enquiries put this at $500,000 to $750,000 installed per site, before operating, energy, sludge-disposal and maintenance costs. Pollutant charges would still apply to the treated effluent.
2. **There is no space.** Capital Brewing is a tenant in a multi-tenanted, mixed-use precinct at 1 Dairy Road, Fyshwick, and BentSpoke operates within leased industrial bays at 61–79 Lysaght Street, Mitchell. Brewing and packaging operations occupy the leased area at both sites, and there is no available space on site for a biological treatment plant, large multi-day balancing tanks or sludge storage. Any plant would also need the landlord's consent and Icon Water's approval of new connections.
3. **The sector cannot absorb it.** Independent brewers face rising excise, input, energy and finance costs. The Independent Brewers Association reports at least 80 brewery closures over the past three years (February 2026), and industry press reported at least 47 breweries entering voluntary administration or liquidation in the two years to early 2025. As Icon Water's own *Customer Research and Engagement Report* (p. 14) recorded from focus groups: *"One group was very concerned about the impact of the tariff change on the viability of smaller breweries and laundries. There was a sense that no business would be able to absorb a $20,000 increase in fees and it would impact the viability of businesses…".* A new $57,000 to $110,000 annual charge, or a $750,000 capital project, is a material threat to businesses of Capital's and BentSpoke's size.

The Commission's own principles call for prices that send efficient signals while having regard to social impacts and gradual adjustment (Table 2.1). A price signal that a customer cannot respond to, because the only response is uneconomic and physically impossible, does not improve efficiency. It transfers revenue. Because Stage 2 is revenue-neutral and offsets other customers' charges (section 6.5.2), the

result is a cross-subsidy from two local brewers to the wider customer base, the opposite of what the reform is meant to fix.

6. Brewery effluent as a beneficial carbon source for LMWQCC

The Stage 2 BOD charge treats all organic load as a cost. For a nutrient-removal plant, readily biodegradable carbon is partly a resource, and brewery effluent is one of the best sources of it.

How the benefit arises. LMWQCC must meet tight nutrient limits before discharging to the Molonglo River: total phosphorus 0.4 mg/L and a total nitrogen load cap of 2,100 kg a day (Icon Water). Nitrogen is removed biologically. Bacteria first convert ammonia to nitrate (nitrification), then convert nitrate to harmless nitrogen gas (denitrification). Denitrifying bacteria need an easily digestible carbon source to do this. Where incoming sewage is short of such carbon, plants dose purchased chemicals such as methanol or acetic acid. (Indeed, during Icon Water's consultation webinars, stakeholders specifically asked: *"Some businesses discharge 'beneficial' waste (e.g. high carbon). Will this be recognised?"* — Customer Research Report, p. 21).

Brewery effluent is rich in sugars, ethanol and volatile fatty acids. These are "fast" carbon sources that bacteria use more readily than the complex organic matter in household sewage.

Scale of the potential benefit. Capital Brewing discharges about 36,400 kg of COD a year (of which about 9,600 kg comes from ethanol), and BentSpoke Cannery discharges a further ~33,900 kg of COD a year (~70,000+ kg/year of COD combined across the two breweries). At a typical 4 to 5 kg of COD per kg of nitrate-nitrogen removed, that combined carbon load could support removal of roughly 14,000 to 18,000 kg of nitrogen a year (about 40 to 50 kg a day). The equivalent as purchased methanol is roughly 47 tonnes a year. These are upper-bound estimates; some carbon is consumed in the sewer and in aerobic zones, and the real benefit depends on where and when it reaches the plant's anoxic zones.

Evidence from operating plants. At a 40 ML/day municipal plant in Huzhou, China, adding brewery wastewater as an external carbon source cut commercial carbon-source costs by 83.8%. It raised average total nitrogen removal from 70.1% to 80.9% and cut CO_2 emissions per volume treated by 45.8% (Liang et al., 2023, *RSC Advances*). In that study brewery wastewater denitrified slightly faster than sodium acetate, a commercial carbon product. A 2025 study assesses the same approach at full-scale municipal plants for performance, cost and environmental impact (*Brewery wastewater as an alternative external carbon source for full-scale municipal wastewater treatment plants*, *Journal of Water Process Engineering*).

What Capital Brewing and BentSpoke Brewing ask. Neither brewery claims its BOD is free to treat: it adds aeration demand and sludge. The point is that the net cost per kg of brewery BOD is lower than for an average high-strength discharge, and may be negative at times when LMWQCC is carbon-limited. Table 6.3 prices all BOD at a single rate and then triples it. We ask that Icon Water be required to:

- State whether LMWQCC doses, or expects to dose, external carbon (including after the current bioreactor upgrade), and at what cost
- Estimate the net treatment cost of readily biodegradable brewery BOD, compared with the average cost behind the $1.01/kg rate
- Reflect that net cost in the BOD rate, or in a credit, for dischargers whose organic load is shown to be readily biodegradable.

7. Precedents in other jurisdictions (including Sydney Water's acceptance standards and fee caps)

Other Australian frameworks, including the NSW model the ACT approach draws on and Sydney Water's IPART-regulated regime, treat BOD acceptance limits as something to set per site (or leave uncapped) where the receiving plant can handle the load. They do not treat a single 600 mg/L limit as a fixed line above which every kilogram is penalised at 300%.

Framework	How BOD, TSS & TP limits are set	How load above the standard limit is charged	Non-compliance treatment & fees
NSW regional councils: Liquid Trade Waste Management	BOD normally approved at 300 mg/L and up to 600 mg/L. Councils "may vary the	Where a council approves BOD above 600 mg/L, load up to	Non-compliance excess mass charge applies a surcharge on the load above the approved

Guidelines 2021 (DPIE), as applied in council policies	guideline limits for a particular sewage treatment works", and may approve BOD above 600 mg/L where the plant has capacity (Bathurst, Glen Innes Severn, Parkes).	the approved limit is charged as a standard excess mass charge. It is not a non-compliance charge.	limit only. For BOD, the non-compliance rate applies only after the limit is failed on two or more (Glen Innes Severn, Bathurst) or more than two (Parkes) occasions in a financial year.
Sydney Water (2026–27 IPART Determination)	• **BOD: No fixed upper limit** in most catchments; standards set case by case. • TSS limit: 600 mg/L (2x Icon Water's 300 mg/L limit). • Total Phosphorus limit: 50 mg/L (2.5x Icon Water's 20 mg/L limit). • TKN limit: 150 mg/L (1.5x Icon Water's 100 mg/L limit).	BOD mass is charged as a normal service (after deducting a 230 mg/L domestic allowance) without a 3x non-compliance penalty cliff.	• Agreement non-compliance fee is $152.31 (vs. Icon Water's proposed $543.00 fee—which is 3.6x higher). • Reduced charges / discounts for maintaining pre-treatment (Draft Report, Table 6.1).
TasWater (Draft Report, Table 6.1)	High-risk customers on individual contracts.	Pollutant charges for BOD, SS, TKN, TP, sodium, oil and grease.	Discounts for pre-treatment.

Four points follow for the ACT:

1. **Site-specific (or uncapped) BOD limits and realistic TSS/TP limits are normal practice.** In NSW and Sydney Water, acceptance limits reflect the receiving plant's capacity, not a punitive universal cap. Capital Brewing's and BentSpoke's current 600 mg/L BOD limit is the standard NSW ceiling, but councils can approve higher limits where the plant has capacity, while Sydney Water sets **no upper limit on BOD**, **600 mg/L on TSS** (twice Icon Water's 300 mg/L limit), and **50 mg/L on Total Phosphorus** (2.5 times Icon Water's 20 mg/L limit). If the ACT aligned its acceptance limits with Sydney Water's standards (while retaining Icon Water's Table 6.3 standard $1.01/kg BOD rate), Capital's BOD (2,720 mg/L) and TSS (372 mg/L), and BentSpoke's BOD (2,620 mg/L), TSS (471 mg/L), would all be 100% compliant today, saving each brewery about $30,000 a year in unwarranted 3x penalties.
2. **The penalty attaches to the agreed limit, so the agreed limit matters.** Under the NSW model, the same brewery load is charged at standard rates if the utility approves a site-specific limit, and at non-compliance rates if it does not. The ACT framework should give Icon Water and dischargers the same option.
3. **NSW and Sydney Water non-compliance charging is far more measured.** NSW applies the surcharge only to the excess above the approved limit, and for BOD only after repeated failures in a year. Furthermore, Sydney Water's IPART-approved Agreement Non-Compliance Fee is $152.31, whereas Icon Water proposes charging $543 per breach (256% higher) starting 1 July 2028.
4. **Pre-treatment investments are recognised elsewhere.** As the ICRC Issues Paper notes (section 4.2, p. 15 and Appendix 4, p. 24), both Sydney Water and TasWater provide fee discounts to recognise customers who install and maintain pre-treatment systems—whereas Icon Water's Supplementary Submission (p. 14) currently declines to offer any compliance incentive for pre-treatment capital.

8. Request 1: an industry- and site-specific trade waste agreement in place before 1 July 2028

Capital Brewing and BentSpoke Brewing ask the Commission to require that the final framework allow site-specific acceptance limits (and align standard industrial TSS and TP limits with Sydney Water's 600 mg/L TSS and 50 mg/L TP thresholds), and ask that both breweries' BOD and COD limits be set on that basis before Stage 1 non-compliance charging commences on 1 July 2028.

8.1 Framework change sought. The Final Report should state that:

- The acceptance limits that trigger the non-compliance rate and Stage 1 non-compliance fees are those in each customer's agreement, and Icon Water may set site-specific or industry-specific limits for biodegradable parameters (BOD, COD) where LMWQCC has capacity and the discharge does not harm the network (while raising standard industrial limits for TSS to 600 mg/L and TP to 50 mg/L in line with Sydney Water)
- Load up to a site-specific limit is charged at the standard Table 6.3 rate ($1.01/kg for BOD)
- Icon Water publishes the criteria it will use to assess such requests, and the domestic thresholds deducted in calculating charges
- Requests can be made, and decided, before Stage 1 non-compliance charges start on 1 July 2028 (as Table 7 on page 12 of Icon Water's Supplementary Submission introduces $543 non-compliance fees on 1 July 2028, two years prior to Stage 2 pollutant charges on 1 July 2030).

8.2 Proposed industry specific terms for Capital Brewing and BentSpoke Brewing. Subject to Icon Water's assessment, Capital Brewing and BentSpoke Brewing propose:

Parameter	Current Limit (Capital & BentSpoke Approvals)	Proposed Site-Specific Limit	Basis
BOD5	**600 mg/L** • Capital: 10.8 kg/day max • BentSpoke: 26.16 kg/day max; 19.20 kg/day avg	**3,500 mg/L (or uncapped as per Sydney Water)** • Capital: 63 kg/day max, 56 kg/day avg • BentSpoke: 152.6 kg/day max, 112.0 kg/day avg	Covers measured ~2,620–2,720 mg/L baseline with headroom for batch variability; mass scaled to existing approved flows (18/16 kL/d for Capital; 43.6/32.0 kL/d in BentSpoke Approval LTWAPP-2025-3028).
COD	**1,800 mg/L** • Capital: 32.4 kg/day max • BentSpoke: 78.48 kg/day max; 57.60 kg/day avg	**7,000 mg/L** • Capital: 126 kg/day max, 112 kg/day avg • BentSpoke: 305.2 kg/day max, 224.0 kg/day avg	Keeps the measured COD:BOD ratio of about 2:1.
TSS, TP, pH and others	TSS 300 mg/L, TP 20 mg/L, TKN 100 mg/L	Align with Sydney Water standards (TSS 600 mg/L, TP 50 mg/L, TKN 150 mg/L) or met through the improvement plan in Section 11	Not beneficial to treatment; addressed via source control and chemical substitution (Section 11).

In return, Capital Brewing and BentSpoke Brewing would accept conditions such as: composite sampling at an agreed frequency, a Trade Waste Improvement Plan with dated milestones, reporting of production volumes alongside discharge, and review of the limit if LMWQCC capacity or carbon needs change.

8.3 Effect on charges. With a site-specific BOD limit, both breweries would still pay standard-rate charges on their full BOD load above domestic strength, and non-compliance charges on any parameter still out of spec:

Scenario	Capital Brewing Annual Pollutant Charge (6.88 ML)	BentSpoke Cannery Annual Pollutant Charge (7.47 ML Baseline)
As proposed in the Draft Report (with 3x BOD penalty)	$53,623	$92,382

Site-specific BOD limit; TSS and TP as now	$24,160	$61,901
Site-specific BOD limit; TSS and TP brought within limits through the improvement plan (TSS via the improvement plan or Sydney Water's 600 mg/L TSS limit)	**$17,215**	$17,853

The last scenario still recovers about $16,800 a year from Capital and $17,500 a year from BentSpoke for BOD, the full standard-rate cost of treating each brewery's organic load as Icon Water has priced it. It removes only the penalty on a load the plant can treat, and that may help its nitrogen removal.

9. Request 2: review of the 3x non-compliance rate and $543 Stage 1 fee

Capital Brewing and BentSpoke Brewing ask the Commission to replace the flat 3x multiplier and reduce the $543 per-event non-compliance fee, so non-compliance charges are based on the extra costs that exceedances actually cause.

9.1 The 3x rate is not cost-reflective. The Draft Report describes the multiplier as intended "to deter customers from operating close to above those limits" (Appendix, Icon Water supplementary submission). Icon Water's only cost rationale is that the marginal cost of treating over-strength waste "rises non-linearly once it pushes the system beyond its design envelope" (Supplementary Submission, p. 9). Two ~20 kL/day streams, each about 0.02% of LMWQCC's flow, do not push the plant beyond its design envelope, and Icon Water has not quantified any such effect. Table 6.3 already prices the treatment cost of each kilogram. A kilogram of BOD at 2,700 mg/L does not cost LMWQCC three times as much to treat as a kilogram at 590 mg/L. The Commission's own principles require prices to reflect prudent and efficient costs (Table 2.1, principles 1 and 2).

9.2 A deterrent only works if the customer can respond. The multiplier assumes non-compliance is a choice. For dischargers like Capital Brewing and BentSpoke Brewing, high BOD is inherent to the product, and the only engineering fix is uneconomic and physically impossible on site (Section 5). For these customers the 3x rate changes nothing about the discharge; it only raises the bill.

9.3 It duplicates other penalties and exceeds IPART benchmarks. Stage 1 already applies a $543 fee per non-compliance (Table 6.2) from 1 July 2028—which is 3.6 times higher than Sydney Water's IPART-approved Agreement Non-Compliance Fee of $152.31—and Icon Water can take enforcement action under the approval itself. A 3x mass rate on top of these penalises the same exceedance more than once.

9.4 Changes sought. In order of preference:

1. **Cost-based rate and aligned event fee.** Set the non-compliance mass rate at the standard rate plus a cost-based uplift for the extra costs Icon Water can show exceedances cause (for example extra monitoring, process upsets, odour or asset damage), and cap the Stage 1 per-event non-compliance fee at Sydney Water's IPART-regulated level ($152.31).
2. **Parameter-based approach.** Keep a higher rate for parameters that damage the network or risk the plant licence (pH, temperature, FOG, toxicants), and apply only the standard rate to readily biodegradable BOD and COD.
3. **Minimum safeguards if a multiplier is kept**:
    - Apply it only to the load above the approved limit, never to the whole load (as in the NSW formula)
    - Apply it only after repeated exceedances, for example more than two failed samples in a financial year (as in NSW for BOD)
    - Suspend it (along with Stage 1 non-compliance event fees) while a site-specific agreement or approved improvement plan is in place and being met
    - Phase it in over at least two years after pollutant charges start
    - Publish the cost basis for the multiplier, and review it at the 2029–30 implementation checkpoint.

10. Other implementation matters

The following measures would make Stage 1 and Stage 2 workable and fair for all high-risk customers, not only Capital Brewing and BentSpoke Brewing:

1. **Flow-weighted averaging.** Base annual charges on the flow-weighted average of all valid samples in the year, including customer samples from NATA-accredited laboratories, not on one quarterly result applied to a whole quarter's flow. A single quarterly sample caught during a single 24-hour period can swing calculated annual charges by tens of thousands of dollars if applied blindly to an entire quarter's volume. Brewery effluent varies widely throughout a week, with brewing, packaging, cleaning (CIP) and filtration cycles skewing a period's sample results.
2. **Publish the domestic thresholds and formulae.** The Draft Report says charges apply only above "domestic thresholds", but does not give them. The Final Report should require Icon Water to publish the thresholds, the exact charge formulae, and whether the 3x rate applies to the excess or the whole load.
3. **Shadow billing.** Provide at least 12 months of shadow bills before 1 July 2030 so customers can see their likely charges and act. This is consistent with the Commission's support for advance visibility of charges (section 7.2) and Icon Water's Supplementary Submission commitment (pp. 12–13).
4. **Phased introduction.** Phase pollutant charges in (for example 25%, 50%, 75%, 100% over four years), as the Commission proposes for sewerage tariff reform.
5. **A cost-reflective receival option for high-strength streams.** Allow dischargers to tanker their highest-strength streams (tank bottoms, yeast, beer losses) to Icon Water's existing liquid waste receival facility, where they could be dosed into LMWQCC where they help, priced at net cost (and exempted from the $56.17/kL septic/nightsoil gate fee proposed in Table 5, p. 10 of Icon Water's Supplementary Submission).
6. **Hardship and payment arrangements.** Provide payment plans for small businesses facing a large new charge, to be reviewed at the 2029–30 checkpoint.
7. **Multi-tenanted sites and effluent sub-metering / discharge factors.** Confirm that charges at precincts like 1 Dairy Road and 61–79 Lysaght Street apply only to the metered trade waste stream of the business that generates it (per Condition B.1 of both approvals), and that where potable water meters are ever referenced for interim trade waste or the proposed volumetric non-residential sewerage charge, a brewery discharge factor of 60% (or site-specific metered ratio) is applied to deduct water exported in packaged beer and lost to evaporation and spent grain.

11. Capital Brewing's and BentSpoke Brewing's commitments

Capital Brewing and BentSpoke Brewing are not asking to be excused from paying for treatment. Both breweries will pay standard-rate charges on their full load and will reduce the parameters that are not beneficial. If a site-specific agreement is granted, Capital Brewing and BentSpoke Brewing each commit to a Trade Waste Improvement Plan covering the following:

Area	Action	Main parameters affected
Cleaning chemicals	Review CIP and sanitiser chemistry and move to low- or no-phosphate products where practicable (for example, BentSpoke has ordered and is trialling *Sopurclean CIP-OP*—a methanesulphonic acid and short-chain organic acid detergent sanitiser containing zero phosphorus—to replace phosphoric-acid-based ATR B detergent. Likewise Capital Brewing with Trimeta-CD)	Total phosphorus
Solids capture	Improve yeast, trub and spent-grain capture and separate collection to keep them out of drains	TSS, BOD

Product and yeast loss	Capture tank bottoms, yeast and off-spec beer for reuse, stockfeed or tankering instead of discharge	BOD, COD, TSS
CIP management	Recover and reuse caustic and acid, and manage first rinses separately	pH, TDS, COD
pH & buffering control	Optimise the existing automatic pH correction and balancing tank systems and alarms	pH
Monitoring	Operate composite sampling via calibrated electromagnetic flow meters with Amphenol auto-sampler plugs and report results with production data	All

Capital Brewing and BentSpoke Brewing will report progress to Icon Water against dated milestones and accept that the site-specific limits can be reviewed if they do not meet them.

12. Conclusion

Capital Brewing and BentSpoke Brewing support a dedicated, cost-reflective liquid trade waste framework. As drafted, though, Stage 2 would charge small, independent breweries nearly three times the stated cost of treating a load that is readily biodegradable and potentially useful to LMWQCC, with no feasible way to avoid it—**forcing two local breweries to carry 48% of the entire Territory's Stage 2 revenue pool despite Icon Water's own consultation report warning that small breweries are most at risk and cannot absorb a $20,000 fee increase.** Allowing site-specific limits (before Stage 1 non-compliance fees start on 1 July 2028), as NSW and Sydney Water do, and putting the non-compliance rate and event fees on a cost basis would keep the polluter-pays signal and full cost recovery without that. Capital Brewing and BentSpoke Brewing would welcome the chance to discuss this joint submission with the Commission and Icon Water.

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