THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

15th July 2026

Proposition No. P.2026/49

POLICY & RESOURCES COMMITTEE

TAX REFORM 2026

AMENDMENT

Proposed by: Alderney Representative A Snowdon
Seconded by: Alderney Representative E Hill

To Insert a new proposition after Proposition 1 as follows -

"To direct that the legislation required to implement any agreed package of tax reforms shall include provisions to ensure Alderney Electricity Ltd and the Alderney Water Board shall not incur any Goods and Services Tax 'GST' in carrying out their public functions in the supply of electricity; domestic heating fuel and potable water, whether by way of rebate, relief, exemption or zero rating in order to ensure that no irrecoverable GST cost falls upon those utilities or their consumers."

Rule 4(1) Information

a) The proposition contributes to the States' objectives and policy plans by helping to ensure that Alderney's residents can have their essential needs such as supply of electricity and water met without suffering any adverse consequences from the imposition of GST, thereby acting as an enabler for Alderney's future prosperity and resilience.

b) In preparing the proposition, no joint working or consultation has been undertaken with any committee of the States.

c) The proposition has been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.

d) The precise financial implications are not known but based on operating expenditure and consumer costs financial implications could be in the region of £42k as regards the Alderney Water Board and £60k for Alderney Electricity Ltd per annum.

e) Drafting advice has been sought from the States' Greffier

Explanatory Note

Alderney Electricity Limited and Alderney Water Board are statutory public utility providers responsible for supplying essential electricity and water services to the Island of Alderney. It is not a commercial enterprise established to maximise profits but exists to provide vital public services to residents and businesses.

Alderney Water Board is wholly owned by the States of Alderney, with the States of Alderney and the States of Guernsey combined having approximately 95% share ownership of Alderney Electricity Ltd.

Alderney's circumstances are fundamentally different from those of Guernsey.

Electricity is generated on a much smaller scale and is heavily dependent on imported fuel oil. The costs of purchasing, transporting, storing and maintaining fuel supplies and generation equipment are significantly higher because of the Island's location and limited economies of scale.

As a consequence, Alderney residents already pay substantially more for essential energy than residents elsewhere in the Bailiwick as the table below demonstrates. Likewise, a delivery of 500 litres of domestic heating oil currently costs around £720 in Alderney, compared with approximately £565 in Guernsey.

ITEM	ALDERNEY	GUERNSEY
Electricity Price per kWh	53.68p/kWh	26.01p kWh standard rate (13.1p/kWh off-peak)
Electricity Tariff C (92% of Alderney)	24.69p/kWh	-
Fuel Cost Component to generate electricity from diesel (FCC)	29.09p/kWh	0 (Cable from France)
Heating Kerosene per litre	£1.44	£1.13

These figures clearly demonstrate that Alderney households and businesses already face a significantly higher cost of living through no fault of their own. Any irrecoverable Goods and Services Tax imposed on the Alderney Electricity and Water Board would inevitably increase electricity and water charges or reduce the Board's ability to maintain and invest in essential infrastructure. In either case, the financial burden would ultimately fall upon consumers.

Electricity, potable water and domestic heating are not discretionary purchases. They are essential services upon which every household, business and public service depends. Increasing the cost of these necessities through the introduction of GST would disproportionately affect the residents of Alderney, who already experience substantially higher utility costs than Guernsey.

The States has long recognised that fairness does not always mean identical treatment. Where the unique circumstances of an island community create unavoidable additional costs, it is appropriate that legislation reflects those differences to ensure equitable outcomes.

This amendment therefore seeks to ensure that:

The introduction of GST does not increase the cost of essential electricity and water services in Alderney;

Alderney Electricity Limited and Alderney Water Board does not incur irrecoverable GST costs that would ultimately be passed on to consumers;

Investment in critical electricity and water infrastructure is protected;

Alderney residents and businesses are not placed at a disproportionate disadvantage to Guernsey residents as a direct consequence of the implementation of GST;

The objectives of tax reform are achieved without imposing an inequitable burden on one of the Bailiwick's smallest island communities.

Given the relatively small scale of the Alderney Electricity Limited and Alderney Water Board, the impact of this relief or refund on overall revenues is expected to be modest. By contrast, the benefit to Alderney households, businesses and the resilience of the Island's essential infrastructure would be significant. The amendment therefore represents a proportionate and equitable response that supports both the principles of tax reform and the continued provision of essential public services.