

政府總部
環境局
香港添馬添美道2號
政府總部東翼15至16樓



ENVIRONMENT BUREAU
GOVERNMENT SECRETARIAT
15/F & 16/F, East Wing,
Central Government Offices
2 Tim Mei Avenue, Tamar, Hong Kong

本函檔號 Our Ref: ENB 24/17/10 Pt.9
來函檔號 Your Ref: CB4/PL/EDEV

電話號碼 Tel : (852) 3509 8638
傳真號碼 Fax : (852) 2537 1002

20 April 2015

Ms Debbie Yau
Clerk to Panel (Economic Development)
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Ms Yau,

**Request of Information for Discussion on
Prices of auto-fuels and Domestic Liquefied Petroleum Gas (LPG)**

Thank you for your letter of 1 April. Regarding the questions from Hon. Tang Ka-piu on auto-fuels and domestic LPG prices, we provide our reply below with inputs from relevant Government departments and oil companies.

(1) Petrol Import Prices by Vessel in the Past 3 Years

According to Census and Statistics Department, since the present trade statistics system does not capture detailed transportation information of each vessel, therefore, statistics on petrol import price by vessel could not be provided.

(2) Average Government Rent of Local Petrol Filling Stations (PFS) in the Past 10 Years

According to the information provided by Rating and Valuation Department, for the local PFS sites under the Government Rent (Assessment and Collection) Ordinance (Cap. 515) (the Ordinance), the average Government rent of the relevant sites in the past 10 years ranged from HK\$18,108 to \$742,800. Government rent charged under the Ordinance is calculated at 3% of the rateable value of the property and is adjusted in step with any subsequent changes in the rateable value.

(3) Information of New PFS in the Past 10 Years

From 2005 to 2014, 38 sites were sold for use as PFS. The premiums of the successful bidders for bidding individual PFS ranged from \$37,050,000 to \$259,109,000, while those for PFS under the "Superbid" arrangement (i.e. one premium for bidding all sites) ranged from \$164,600,000 to \$408,000,000. The bidders of these 38 sites included Chevron Hong Kong Limited, ExxonMobil Hong Kong Limited, Feoso Oil Limited, Petrochina International (Hong Kong) Corporation Limited, Shell Hong Kong Limited, Sinopec (Hong Kong) Limited, etc.

(4) - (6) Retail Prices and Price Adjustment Mechanism of Domestic LPG

All along, the prices of domestic LPG are determined by oil companies having regard to commercial practices and their operating costs. A major local LPG supplier (the Company) has established, since 1999 and on its own initiative, a price adjustment mechanism of domestic LPG to enhance the transparency of price setting. In accordance with this mechanism, the Company, once every three months (i.e. at end of January, April, July and October), sets the prices for the coming three months by forecasting the import prices for the coming three months in light of the latest international LPG price, and making positive or negative adjustment for any difference between the actual import prices and the forecast import

prices in the last review. In addition, according to this mechanism, the Company also reviews its operating costs once every twelve months. According to our observation, the adjustments of listed prices of domestic piped LPG and wholesale prices of cylinder LPG of other oil companies in the market generally follow those of the Company. Their price adjustments therefore also reflect the movements of international LPG prices.

We understand that, in determining the domestic LPG listed price, LPG suppliers consider factors including import cost, transportation cost, labour cost, equipment maintenance and other operating costs, contractual arrangements, market conditions, affordability of the customers, etc. Please refer to **Annex 1** for the retail prices of domestic piped LPG in the past year.

(7) Competition Ordinance

The Competition Ordinance enacted in June 2012 provides a legal framework to tackle anti-competitive conduct (including price fixing, abuse of market power, etc.) in various sectors, with a view to maintaining fair and sustainable competition in the market. The Competition Commission, which is established as an independent statutory body under the Competition Ordinance, is empowered to investigate into an alleged anti-competitive conduct, either on receipt of complaints, on its own initiative, or on referral from the Government or a court, and to bring enforcement actions before the Competition Tribunal.

(8) Enhancing Price Transparency

The prices of domestic LPG have always been determined by oil companies having regard to commercial practices and their operating costs. The Government understands and is concerned about the impact of domestic LPG prices on the public and therefore encourages the industry to enhance transparency on price setting. The Government is discussing with the oil companies to regularly publish price information of domestic piped LPG on Government's website. Regarding the comparison among various

energies, given electrical appliances and gas appliances are different in terms of design, technology employed and testing methodology in addition to different price adjustment cycles for different fuels, it is therefore not appropriate to compare the energy consumption of different electrical and gas appliances from energy efficiency and price level perspectives.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Esther Wang', written in a cursive style.

(Ms Esther Wang)
for Secretary for the Environment

Retail Prices of Domestic Piped LPG in the Past Year

Effective Date	Domestic Piped LPG (HK\$/cu metre)^(Note)
End of Jan 2014	42.20
End of Apr 2014	38.04
End of Jul 2014	39.16
End of Oct 2014	33.29
End of Jan 2015	30.61

Note : The retail prices of domestic piped LPG
of major gas suppliers.