LC Paper No. CB(4)1205/16-17(01)

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9 June 2017

Ms Shirley Chan
Clerk to Panel (Economic Development)
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms Chan,

Panel on Economic Development Follow-up to Meeting on 22 May 2017

In response to your letter of 23 May 2017, we have liaised with the Government Logistics Department ("GLD"), and its replies are set out below.

Based on the requirements of various Government bureaux and departments (b/ds), the bulk contracts for the supply of fuel oil for government vehicles were arranged by GLD through an open tender exercise which was subject to the requirements of the Agreement on Government Procurement of the World Trade Organization and conducted in accordance with the Stores and Procurement Regulations. The latest tender notice was published on 15 July 2016 with tender closing date on 26 August 2016. The contractors are required to supply unleaded petrol and Euro V diesel to government vehicles for a contract period of 24 months with effect from 15 January 2017.

As stipulated in the tender terms and conditions, contractors are required to offer fixed discount amount for each litre of fuel oil (excluding Government duty on hydrocarbon oil) throughout the contract period. Based on the tender evaluation criteria specified in the tender document, the contract for each item was awarded to the tenderer whose product complied fully with the essential requirements, who had submitted the lowest price

tender and who was determined to be capable of fulfilling the terms of the contract. GLD had conducted tender negotiations with contractors on their counter-proposals to the conditions of contract and the tender prices. The average discount amount offered by the relevant contractors for government vehicles is listed in the **Annex**.

In accordance with the price mechanism set out in the contracts, the actual prices paid by the Government will be based on the prevailing market prices and the fixed discount amount offered throughout the contract period. In other words, the contract prices will be revised if there is any change in the prevailing market prices. The actual quantities ordered will depend on the actual needs of b/ds and the contractors must accept any adjustments in the estimated quantities.

Yours sincerely,

(Ms Esther Wang)

for Secretary for the Environment

Supply of Unleaded Petrol and Euro V Diesel at Service Stations in Hong Kong for Government Vehicles (Contract Period: 15.1.2017 - 14.1.2019)

Fuel Oil	Name of Contractor	Estimated Quantity (Litre)	Estimated Contract Price (HK\$)	Average Discount Amount (HK\$/Litre) (rounded up to the nearest integer)
Unleaded Petrol	Sinopec (Hong Kong) Petrol Filling Station Company Limited Shell Hong Kong Limited	11,610,000	41,820,470.00	4.0
Euro V Diesel	Sinopec (Hong Kong) Petrol Filling Station Company Limited Shell Hong Kong Limited	12,921,000	42,429,335.80	6.0