

LCQ14: Easing financial pressure brought about by fuel expenditure

Following is a question by the Hon Tony Tse and a written reply by the Secretary for the Environment, Mr Wong Kam-sing, in the Legislative Council today (May 6):

Question:

As the Coronavirus Disease 2019 epidemic has led to a decline in the demand for fuels, international crude oil prices have dropped continuously since early this year. Up to mid-April, a decrease of over 60 per cent from the peak last year was registered, hitting a record low in 18 years. However, the local retail prices of auto-fuels have only fallen by about 10 per cent to 20 per cent in the same period. Some members of the public have queried that the aforesaid situation reflects that the phenomenon of "quick going up, slow coming down" and "more going up, less coming down" in respect of local oil prices has all along remained unchanged. On easing the financial pressure on the transport trades and the public brought about by fuel expenditure, will the Government inform this Council:

(1) of the respective (i) average prices of international crude oil, (ii) average prices of imported refined oil products and (iii) average local retail prices of auto-fuels, in each of the past 12 months (set out in a table);

(2) of the new measures put in place to monitor the local retail prices of auto-fuels, and prompt the oil companies to reduce, in response to falling international and import oil prices, the relevant prices in a timely manner and suitably;

(3) as the Government and the oil companies have indicated that other than import prices of refined oil products, the cost components which determine local oil prices also include Government duty and operating costs such as land prices, salaries of employees, local transportation costs, marketing costs and operating costs of oil terminals, whether the Government has collected the relevant data from the oil companies and analysed the weightings of such cost components; if so, whether it can make public the relevant information in an appropriate manner so as to enhance the transparency of local oil prices to facilitate public monitoring; if it has not, of the reasons for that, and whether it will commence such data collection work;

(4) given that the Government is offering fuel subsidies to several types of public transport services through the fuel subsidy scheme under the first round of relief measures, of the implementation progress of the scheme and the amount of subsidies disbursed so far; and

(5) whether it will consider expanding the scope of the fuel subsidy scheme to benefit other professional drivers (e.g. goods vehicle drivers) and private car owners; if not, of the reasons for that?

Reply:

President,

The consolidated reply of the Environment Bureau and the Transport and Housing Bureau to the question raised by the Hon Tony Tse is as follows:

(1) Over the past 12 months, the monthly average (i) international crude oil prices, (ii) imported prices of refined oil products; and (iii) local auto-fuel retail prices are as follows:

	Average International Crude Oil Price (Note 1) (HK\$/litre)	Average Import Price (Note 2) (HK\$/litre)		Average Retail Price (HK\$/litre)	
		Unleaded Petrol	Euro V Diesel	Unleaded Petrol (Note 3)	Euro V Diesel
2019					
May	3.44	4.30	4.24	17.36	14.37
June	3.10	3.94	3.84	17.15	14.20
July	3.16	4.10	3.92	17.34	14.40
August	2.92	4.00	3.87	17.32	14.38
September	3.08	4.21	3.99	17.52	14.56
October	2.92	4.41	3.98	17.83	14.61
November	3.07	4.15	3.82	17.85	14.60
December	3.19	4.14	3.96	17.91	14.69
2020					
January	3.15	3.88	3.86	17.95	14.81
February	2.72	3.89	3.50	17.64	14.50
March	1.65	2.71	2.67	17.22	14.11
April	1.32	Not yet available	Not yet available	16.67	13.52

Note 1: Based on the average closing price of Brent Crude Oil for that month and converted to the price per litre in Hong Kong dollars.

Note 2: According to the import values of major oil products from May 2019 to March 2020 as provided by the Census and Statistics Department. The relevant import value data for April 2020 is still being collected.

Note 3: Including duty of \$6.06 per litre.

When referring to the above data, it should be noted that crude oil and

refined oil (such as unleaded petrol and motor vehicle diesel) are different products, hence changes in international crude oil price are not necessarily the same as changes in the prices of unleaded petrol and motor vehicle diesel.

(2) Hong Kong being a free market economy, the retail prices of auto-fuels have all along been determined by the market itself. We do not consider that the Government should set a so-called appropriate retail price for the fuel industry. The role of the Government is to make its best effort to ensure a stable fuel supply, enhance transparency of the prices of auto-fuel products, and remove barriers to market entry thereby promoting competition. Nonetheless, the Government appreciates the impact of auto-fuel prices on the public, and hence has been monitoring the changes in local retail prices of auto-fuels and comparing them with the trend movements of international oil prices (benchmarked against the Singapore free-on-board prices, i.e. Means of Platts Singapore (MOPS), for unleaded petrol and motor vehicle diesel). The Government has also been in close contact with the oil companies, urging them to reduce prices promptly when international oil prices drop, in order to lessen the burden on the public. In fact, since January 2020, the oil companies have already lowered their prices 12 times. For unleaded petrol and diesel, the cumulative reductions were \$1.5 per litre and \$1.6 per litre respectively, while the average retail prices on April 30, 2020 were \$16.54 per litre and \$13.3 per litre respectively. The Government has also observed that, with the significant fluctuations in international oil prices, the oil companies have made adjustments nine times since March 2020, which are more frequent than before.

(3) Regarding the fuel market, the data that the Government has in hand are the import prices of local auto-fuels, retail prices and the trend movements of MOPS prices for unleaded petrol and motor vehicle diesel. The Environment Bureau's website publishes these data on a weekly basis and also provides web links to the statistical information on the import and retail prices of major oil products. As regards the operating costs of oil companies, similar to the commercially sensitive information of other private companies, the Government cannot compel the oil companies to provide or disclose them.

(4) With a view to providing comprehensive and continuous financial support to the various trades hard hit by COVID-19, the Government announced in February 2020 that it would increase the fuel subsidy or one-off subsidy for the transport trades under the Anti-epidemic Fund. This includes offering a \$1 discount per litre of liquefied petroleum gas (LPG) for 12 months for LPG taxis and public light buses (PLBs) and reimbursing one-third of the actual fuel / electricity charges for 12 months for petrol taxis, diesel PLBs, franchised bus companies, local ferry operators and the Hong Kong Tramways Limited.

Regarding the fuel subsidy to taxis and PLBs, the Transport Department (TD) is actively liaising with the oil companies on the implementation details. Depending on the system readiness of the oil companies and the progress of the relevant preparation work, the measure is expected to be rolled out in mid-2020.

As regards the fuel subsidy to franchised bus companies, local ferry operators and the Hong Kong Tramways Limited, the TD has started accepting applications since late-February 2020. As of April 30, the TD has disbursed subsidy of over \$66 million in total to three franchised bus companies, four local ferry operators and the Hong Kong Tramways Limited.

(5) In addition to the fuel subsidy mentioned above, the Government has also announced that it would provide a one-off, non-accountable subsidy to the owners of each taxi, red minibus, non-franchised bus, school private light bus, hire car and goods vehicle, as well as the operators of each green minibus pursuant to the measures in the two rounds of Anti-epidemic Fund. The total amount of one-off subsidy involved is about \$2.39 billion, benefiting the owners of about 150 000 commercial vehicles and operators of 3 340 green minibuses.