

LCQ21: Food Truck Pilot Scheme

Following is a question by the Hon Kenneth Leung and a written reply by the Secretary for Commerce and Economic Development, Mr Gregory So, in the Legislative Council today (June 14):

Question:

In July last year, the Government selected 16 applicants to join the Food Truck Pilot Scheme (the Pilot Scheme). Since the official launch of the Pilot Scheme on February 2 this year, 12 food trucks have commenced business after obtaining the relevant licences. The various food trucks are required to operate in eight designated tourist locations on a rotational basis. However, some operators have pointed out that their businesses at certain operating locations are poor due to low flow of people. Shortly after the launch of the Pilot Scheme, an operator dropped out before commencing operation. After the introduction of a number of enhancement measures by the authorities in April this year, another operator dropped out before commencing operation. In this connection, will the Government inform this Council:

- (1) whether the authorities have, since the official launch of the Pilot Scheme, compiled statistics on the operation of food trucks (including the flow of people and the turnover of the operators at different times at various operating locations); if so, of the outcomes; if not, whether they will compile such statistics;
- (2) whether the authorities will consider changing the positioning of the Pilot Scheme as a tourism promotion project, and designating more locations with a heavy flow of people as the operating locations for food trucks so as to improve the business environment of food trucks; if so, of the details; if not, the reasons for that;
- (3) whether it has established a mechanism for maintaining communication with the operators continuously, so as to understand the operational difficulties encountered by them; if so, of the details; if not, the reasons for that; and
- (4) whether it has gained an understanding about the reasons for some operators dropping out of the Pilot Scheme, and conducted a review of the Pilot Scheme to prevent other operators from dropping out; if so, of the details; if not, the reasons for

that?

Reply:

President,

The Food Truck Pilot Scheme (the Scheme) was launched in February 2017 for two years with an aim to enhancing the attractiveness of tourist attractions in Hong Kong by providing diverse, creative and high quality food options to tourists and the locals while at the same time showcasing good hygiene and food safety. Currently, there are 14 food trucks in operation. We hope the Scheme can bring more specialty gourmet food and complement the existing food landscape in Hong Kong. It is not intended to drive consumers away from the existing restaurants. The Scheme is launched as pilot. The suitability of its operating locations, operating mode and how smooth it would be implemented are not foreseeable before the launch, and it takes time to learn the experience from various trials. Tourism Commission has set up a designated office to provide one-stop service to the food truck operators. The designated office has been maintaining close contact with and collecting feedback from food truck operators and operating locations since the launch of the Scheme in February with a view to adjusting and enhancing the Scheme as appropriate. In mid-April, we announced a variety of refinement measures, including the addition of food trucks' operating locations and introduction of a more flexible operating mode. These measures have been rolled out successively since end May/early June.

Replies to the questions raised by Hon Kenneth Leung are as follows:

(1) Tourism Commission would observe the general operating condition of each food truck during the initial period after its commencement of business. As of now, Hong Kong Disneyland is the venue with most satisfactory business performance, while the business performance at Energizing Kowloon East Venue 1, Central Harbourfront Event Space and Ocean Park is less satisfactory.

Food truck operators are required to provide financial statements to operating locations on their gross receipts for the relevant trading period. According to the financial statements submitted by the 11 operators, there is one food truck with total gross receipts over \$1,000,000, two over \$800,000, one over \$700,000, two over \$400,000, three over \$200,000 and two below \$200,000. It is worth noting that those food trucks with total gross receipts less than \$200,000 have conducted business

for less than 50 days. In this light, food truck business is comparable to that of newly opened restaurants.

(2) In the 2015-16 Budget, the Government announced that it would consider introducing food truck which is popular abroad to Hong Kong and take forward the Scheme as a tourism project. The Government made reference to the experience of food truck's operation overseas and introduced food trucks to Hong Kong under a step-by-step approach. Under the Scheme, food trucks have to operate at designated attractions. The advantage of tourist attraction is its ability to attract people traffic from both locals and tourists, and tourists visiting the attractions differ daily. Our arrangement of food trucks to operate at tourist attractions has helped widen the source of customers.

We have discussed with the catering industry in choosing suitable operating locations for food trucks. An important consideration is to avoid direct competition with the existing restaurants. As streets in Hong Kong are generally narrow, the parking spots of food trucks should avoid blocking people and vehicular flow. The operating locations should allow food trucks to do business while at the same time not competing with the existing restaurants. We have been always open-minded to the operating locations of food trucks, and are willing to consider if there are operating locations fulfilling the requirements of the Scheme and the parking spots satisfying the above criteria.

We designated eight tourist attractions as the operating locations when devising the scheme. In the past four months, we noticed that the people traffic at some locations is higher and more stable while the people traffic at some locations is concentrated at a specific period of time. In view of this, we introduced refinement measures by different phases with a view to bringing more business opportunities and source of customers to food trucks. For instance, Meetings, Incentives, Conventions and Exhibitions (MICE) travel is one of the important aspects of tourism and we therefore introduced AsiaWorld-Expo and Science Park as optional venues in April. When there are suitable MICE events, food trucks can choose to operate at the two venues to test out their business sense as well as marketing and sales strategies.

On the other hand, in accordance with the signed agreement between food truck operators and operating locations, operators have to operate at mega events designated by Tourism Commission and organised by the Hong Kong Tourism Board (HKTB) to test out the ambience and effect of all food trucks appearing at mega

events. The first such event is the Food Trucks Gala at the Hong Kong Dragon Boat Carnival (the Carnival) held in early June recently. 14 food trucks operated at three consecutive days at the Carnival, which enhanced the ambience of the Carnival and provided more food options to tourists and local residents. The business performance of all food trucks at the Carnival is satisfactory. This year, we will continue to arrange food trucks to participate in mega events organised by HKTB such as the e-Sports and Music Festival Hong Kong in early August, Hong Kong Cyclothon in October and Hong Kong New Year Countdown Celebrations, etc. Besides, food truck operators can identify and participate in events with local characteristics and appeal to visitors on their own volition. We are given to understand that seven food trucks will operate at the Celebration of the 20th Anniversary of the Establishment of Hong Kong Special Administrative Region – Tai Po Music and Arts Carnival on June 30.

The Scheme has been launched for four months only and it takes time for the refinement measures to take effect. To avoid creating complication to the community and other industry stakeholders, we consider it inappropriate to adjust the positioning of the Scheme.

(3) The Food Truck Office of Tourism Commission has been maintaining close contact with food truck operators to assist them in applying licences and hold regular meetings with them to understand their operating condition with a view to duly adjust the Scheme.

(4) The Scheme has laid down mechanism for handling withdrawal and replacement of food trucks. In case of withdrawal from the Scheme by a selected applicant, we will invite those on the waiting list to take up the vacancy. The withdrawal of Chrisly Café and Xiao Tian Gu is due to their own business considerations. In fact, each operator has different considerations on food truck's operating mode, risk assessment and projected investment of resources. How to compete for business and excel in a level playing field is a challenge to the food truck operators in terms of marketing strategies, creativity and quality of food, food pricing, service standard and promotional strategies, etc.

The vacancies left by Chrisly Café and Xiao Tian Gu will be taken up by JAJAMBAO and The Butchers Club. Both of them are required to obtain the operating licences within six months after the issue of the Notice of Conditional Recommendation. The Food Truck Office of Tourism Commission will continue to

maintain close contact with the applicants and provide necessary assistance on vehicle installation and licence application, etc.

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