

LCQ3: Food Truck Pilot Scheme

Following is a question by the Hon Tommy Cheung and a reply by the Acting Secretary for Commerce and Economic Development, Dr Bernard Chan, in the Legislative Council today (November 15):

Question:

In the nine months from the official commencement of the Food Truck Pilot Scheme (the Pilot Scheme) on February 2 this year up to now, among the 16 selected operators, two dropped out before commencing operation while one who had just begun operation in end of May dropped out last month. It has been reported that another four operators are making preparations to sell their food trucks in order to cut losses and exit the scheme. Most of the operators have relayed to me recently that they have all along been unable to make ends meet. They have also criticised the authorities for failing to respond to the needs of operators, making it difficult for operators to sustain their businesses. In this connection, will the Government inform this Council:

(1) whether it will conduct an interim review on the Pilot Scheme immediately to understand in depth the business situation and difficulties faced by the various operators, with a view to expeditiously introducing remedial measures (e.g. reducing or waiving the venue service charges payable by operators); if so, of the details; if not, the reasons for that;

(2) of the publicity activities and programmes conducted by the authorities for food trucks since the launch of the Pilot Scheme; whether the authorities will review and step up the publicity work on food trucks to ensure more effective dissemination of information and the latest news on food trucks to tourists and members of the public; if so, of the details; if not, the reasons for that; and

(3) whether it will reposition the Pilot Scheme such that it is no longer positioned merely as a tourism project and, on the premise of not affecting the traffic and the business situation of eateries in the vicinity, increase the operating locations of food trucks or expand the operation mode of the scheme (e.g. allowing food trucks to operate in bazaars and school areas, near construction sites, or allowing food trucks to cater food for private parties), so as to give food trucks greater room for survival; if so,

of the details; if not, the reasons for that?

Reply:

Acting President,

Following the announcement of the Budget in February 2016, the Food Truck Pilot Scheme (the Scheme) was launched in February this year with a clear objective to enhance the fun and vibrancy of tourist attractions in Hong Kong by providing diverse, creative and high quality gourmet food to tourists and the locals. It is not positioned as the mainstream restaurants. Furthermore, there are many restaurants in Hong Kong and most of them have to pay much higher rental fees than the food trucks. We consider it undesirable for food trucks to engage in unfair competition with other restaurants. Moreover, in identifying the operating locations of food trucks, they should not cause obstruction to pedestrians or other vehicles when being parked.

In light of the above considerations, eight tourist attractions were first chosen as the operating locations of food trucks under the Scheme, and they are arranged to participate at various mega events organised by the Hong Kong Tourism Board (HKTB). As the name implies, food truck is introduced as a pilot scheme for trial to enable us to explore the suitability of different operating locations and operation modes, as well as its commercial viability.

Since the launch of the Scheme, two operators have withdrawn from the Scheme due to their own business considerations during the licence application process. As regards the operator who withdrew recently, we understand that this is related to disagreement with his business partner. In fact, eight out of the 15 existing food truck operators are start-up enterprises. As a business venture, it is foreseeable that there is variation in the business performance and profits earned among different food trucks. By mid-October, seven out of the 14 operating food trucks have each recorded gross revenue of over \$1 million. Besides, one operator has opened a brick and mortar shop by virtue of the experience and word of mouth gained through food truck's operation. Four other food truck operators also have similar plans.

My reply to the three-part question raised by the Hon Tommy Cheung is as follows:

(1) The Tourism Commission (TC) has set up a dedicated office to provide one-stop services for the food truck operators. The office has maintained close contact with the operators and venue management. Regular monthly meetings are held to collect their opinions. We also conduct site visits and utilise different channels to understand food trucks' operating condition with a view to making timely refinements to the Scheme. In fact, we have rolled out a series of measures since May, including:

- (i) introducing new operating venues (e.g. AsiaWorld-Expo, Science Park and the Hong Kong University of Science and Technology);
- (ii) allowing food truck's participation at self-identified tourism events;
- (iii) implementing day/night shift operating mode; and
- (iv) turning Energizing Kowloon East Venue 1, Wong Tai Sin Square and Central Harbourfront Event Space into optional venues.

Besides, we also just obtained consent from the management of Ocean Park, Tsim Sha Tsui Art Square and Salisbury Garden to turn the three venues into optional venues in end November. Food trucks are thus able to enjoy greater freedom and higher flexibility, which will in the end help improve their business.

(2) The TC always endeavours to carry out promotional activities for the Scheme, which includes:

- (i) launching the mobile application "HK Food Truck" which provides information on food trucks and operating locations and facilitates the public to trace the food trucks;
- (ii) promoting the Scheme to local and overseas visitors through HKTb;
- (iii) distributing promotional flyers at hotels through Hong Kong Hotels Association;
- (iv) establishing communication platform between travel industry and food truck operators to facilitate their collaboration through Travel Industry Council of Hong Kong and Hong Kong Association of China Travel Organisers Limited; and
- (v) arranging publicity of food trucks through postings by key opinion leaders on social media platforms, etc.

We also encourage operators to utilise different social media platforms to advertise their food trucks and their food offerings.

(3) In the 2016 Budget, the Government announced that it would consider introducing food trucks and taking forward the Scheme as a tourism project. The Government would make reference to the experience of food trucks' operation overseas and introduce food trucks to Hong Kong as a pilot scheme. The suitability of its operating locations, operating mode and how smooth it would be implemented have to be learnt through the experience of various trials. The Scheme has only been launched for nine months and the above-mentioned refinement measures require time to test out their full effect. To avoid causing complicated issues to the community and other stakeholders in the industry, we consider that it is not suitable to make fundamental change to the positioning of the Scheme.

Notwithstanding this, we have considered some of the comments raised by the Hon Tommy Cheung and had made refinements to the Scheme where practicable and reasonable. Meetings, Incentives, Conventions and Exhibitions (MICE) travel is one of the important aspects of tourism. A good number of academics exchange sessions and MICE events are also held at tertiary institutions. We had liaised with the University of Hong Kong, the Chinese University of Hong Kong, the Hong Kong Baptist University and the Hong Kong Institute of Vocational Education (Lee Wai Lee Campus) and these colleges indicated no intention to accommodate food trucks at present. This notwithstanding, one pitch in the Hong Kong University of Science and Technology (HKUST) has already been made available for food truck's operation in November. A food truck has started operating at HKUST since November 7 and the business performance is satisfactory.

Industrial areas or construction sites are not tourism spots and are unlikely to attract tourists to visit, thereby not conforming to the positioning of food trucks as a tourism project. Industrial areas are congested with people and vehicles with many restaurants in operation. Furthermore, there is no venue management to provide electricity and supporting facilities to the food trucks. Operating food trucks at construction sites also raises concern on industrial safety. The two locations are therefore not considered suitable to accommodate food trucks. With regard to private parties and private catering services, food trucks are not allowed to operate in these areas since the licensing conditions of the Food Factory Licence have confined them to operate at designated tourism attractions and tourism activities. Nonetheless, food trucks have participated in various self-identified tourism events since end June to end October this year, for instance, the Freespace Happening in West Kowloon Cultural District and Beertopia. Participating food trucks recorded impressive revenues in these events.

It can be seen that we have always strived to improve and refine the operation of food trucks. We will continue to consider if there are locations meeting the positioning and requirements of the Scheme.

Currently, 14 food trucks have rolled out successively from February to October this year. It is expected that the last food truck will commence business in early December. We will observe and review the operation performance of food trucks and the result of the Scheme. It is expected that the evaluation result will be available in the third quarter next year.

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