

## LCQ21: Food Truck Pilot Scheme

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Following is a question by the Hon Jimmy Ng and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (December 12):

Question:

In September this year, the Government extended the Food Truck Pilot Scheme (the Scheme), which was launched in February 2017, by two more years whereby the 15 food trucks could operate up to February 2, 2021. Under the relevant licensing conditions, food trucks may operate only in tourist locations and during events designated by the authorities. From the commencement of the Scheme up to mid-August this year, the food truck with the best business performance had a gross revenue between \$3.5 million and \$4 million, while all of the six food trucks with worst performance had a gross revenue of \$2 million or below each. The operating venues with the best, the second best and the worst business performance were the Hong Kong Disneyland, Tsim Sha Tsui Salisbury Garden and Energizing Kowloon East respectively, yielding gross revenues of \$17,890,000, \$2,900,000 and \$460,000 respectively for the food trucks. Some operators of the food trucks have reportedly pointed out that as the people flow in various operating venues has been decreasing, and the authorities do not understand the operation of food trucks and ignore the aspirations of the operators, it is difficult for them to sustain their businesses. In this connection, will the Government inform this Council:

(1) whether it has conducted studies to look into the causes for the great variances in (i) the business performance of different food trucks and (ii) their business performance in different operating venues; if so, set out the relevant information in a table; if not, whether it will conduct such studies;

(2) whether it has compiled statistics on (i) the volume of people flow at the operating venues for the food trucks and (ii) the turnover of the food trucks, at different hours and during various events; if so, set out the relevant information in a table; if not, whether it will compile such statistics; and

(3) whether it will relax the relevant licensing conditions so as to give the food trucks greater room for survival, e.g. allowing, on the premise of not affecting the traffic and

the business situation of eateries in the vicinity, the food trucks to provide catering services for private banquets (e.g. wedding banquets), so as to offset the losses incurred by their operation in certain designated operating venues; if so, of the details; if not, the reasons for that?

Reply:

President,

The Food Truck Pilot Scheme (the Scheme), launched on February 3, 2017, aims 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 positioned as a tourism promotion project rather than playing the role as mainstream restaurant. Food trucks should also not be engaged in unfair competition with other restaurants and should not cause problems such as obstruction to pedestrians or other vehicles.

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

In view of the business performance of the food trucks and in response to the opinions of stakeholders of the Scheme, the Tourism Commission (TC) has rolled out a number of refinement measures since end of May 2017 to enhance the operation flexibility of the Scheme as far as possible in order to help improve the business environment of the operators. The measures include:

- (1) introducing four new operating venues, namely the AsiaWorld-Expo, Science Park, Hong Kong University of Science and Technology and Hong Kong Science Museum;
- (2) providing a more flexible shift arrangement for food trucks to operate in Energizing Kowloon East Venue 1 and Tsim Sha Tsui Art Square on the same day;
- (3) allowing food trucks to participate in self-identified events as long as the events are open to the public with publicity plans available and obtained appropriate licences

(e.g. temporary places of public entertainment licence);

(4) allowing the operators to opt whether to operate at the designated venues under the rotation schedule and pay service fees for the operation days only; and

(5) allowing operators to identify new operating venues for our consideration and follow up.

We had committed to evaluate the Scheme before the end of the two-year trial period (i.e. February 2, 2019). We observed that the business performance of the 15 food trucks varied. Some performed quite well and even opened brick-and-mortar shops. Despite the business performance of some being just average, it generally reflected that more time is required to observe the operation of food trucks. Since the first operating food trucks have only operated for more than 1.5 years under the Scheme and during which we have made continuous refinement to the Scheme, we decided to extend the Scheme for two more years up to February 2, 2021 with a view to allowing sufficient time for the Scheme to be tested out in the market.

My reply to the three-part question raised by the Hon Jimmy Ng is as follows:

(1) According to the financial statements submitted by operators, the total gross revenue of 15 food trucks up to mid-October 2018 was \$35.9 million with details tabulated below:

Gross revenue (up to mid-October 2018)	Number of food trucks
Between \$3.5 million and \$4 million	Two
Between \$3 million and \$3.5 million	One
Between \$2.5 million and \$3 million	Three
Between \$2 million and \$2.5 million	Four
Between \$1.5 million and \$2 million	Four
Below \$1 million	One (Note 1)

(2) We mainly rely on the total gross revenues as shown in the financial statements regularly submitted by the operators to venues rather than the people traffic of each venue to observe the business performance of food trucks. The total gross revenue of

15 food trucks in operating venues up to mid-October 2018 was about \$32 million, with details tabulated below:

Operating venues	Gross revenue of food trucks (\$) (up to mid-October 2018)
Designated venues	
Hong Kong Disneyland	Around 19.4 million
Tsim Sha Tsui Art Square	Around 3 million
Salisbury Garden	Around 3 million
Ocean Park	Around 1.9 million
Golden Bauhinia Square	Around 1.5 million
Wong Tai Sin Square	Around 0.97 million
Central Harbourfront Event Space	Around 0.83 million
Energizing Kowloon East Venue 1	Around 0.47 million
New venues	
Hong Kong University of Science and Technology (Note 2)	Around 0.37 million
Hong Kong Science Museum (Note 3)	Around 0.23 million
Science Park (Note 4)	Around 0.22 million
AsiaWorld-Expo (Note 5)	Around 0.055 million
Total	Around 32 million

As for events, the total gross revenue of 15 food trucks up to mid-October 2018 was \$3.9 million. TC has arranged food trucks to participate in six tourism mega events organised by HKTB, namely the Hong Kong Dragon Boat Carnival held in June 2017 and June 2018, the e-Sports and Music Festival Hong Kong in early August 2017, the Hong Kong Cyclothon in October 2017 and October 2018 and the New Year Countdown Celebrations in December 2017. The gross revenue yielded from these six tourism mega events was about \$1 million. Besides, food trucks also operated in 51 self-identified events, with gross revenue amounting to \$2.9 million.

In conclusion, the business performance of food trucks at individual venues and events varied greatly and was largely attributable to a number of factors including whether the pitch location in the operating venue is prominent; whether there are

sufficient number of visitors in that venue; whether there are food and beverages offerings nearby and their relative pricing; whether the type and price of food offerings of the food trucks match with the preference and consumption power of customers, etc.

(3) One of the refinement measures of the Scheme is to allow food trucks to participate in self-identified events as long as the events are open to the public and obtained appropriate licences e.g. temporary places of public entertainment licence. Having regard to the fact that food trucks can cook at the spot and their huge size, it is crucial to ensure food safety and hygiene as well as not to cause obstruction to pedestrians or other vehicles when being parked. In accordance with the licensing condition of Food Factory Licence issued to food trucks, they can only operate at designated venues and events approved by the Government. The designated venues and events are assessed by relevant departments and considered suitable for food truck operation. If food trucks operate at private events (not open to the public) without licences, relevant departments cannot assess whether the premises and the events are suitable for food truck operation.

Since the launch of this refinement measure, food truck operators applied for operating in 62 self-identified events and approval was granted to all applications. In fact, the nature of self-identified events participated by food trucks varies, including mega music concerts, carnivals, food festivals, mega competition activities such as tennis competition, car racing, yacht racing, running competition and charity walk, etc. Amongst all events, some were even held at private premises such as events held at the golf club and country club which were public events with licences. The mode of co-operation between operators and event organisers also varies. Some organisations would make bulk purchase of food from food trucks for their events while others would not collect service fee from the operators but just require them to arrange their own electricity for operation. Operators can decide whether to operate at these events having regard to their own business consideration.

We will continue to identify other new venues as far as practicable, including to explore the placement of food trucks at the vicinity of Hong Kong Port of Hong Kong-Zhuhai-Macao Bridge Passenger Clearance Building and to study further refinement measures.

Note 1: The food truck commenced business in December 2017.

Note 2: Hong Kong University of Science and Technology provides one pitch for food truck operation on weekdays since November 7, 2017. The pitch will be closed for a total of around four months during the periods of summer break, winter break, etc.

Note 3: Hong Kong Science Museum has been introduced to the Scheme since December 18, 2017. It provides one pitch for food truck operation except for the period of the first two days of the Chinese New Year and the HK SciFest during which the pitch will be closed for a total of around one and a half months.

Note 4: Science Park provides one pitch for food truck operation at suitable events held in the venue since June 6, 2017. As at October 2018, there were 80 days of food truck operation for 90 events in this venue.

Note 5: AsiaWorld-Expo provides two pitches for food truck operation at suitable events held in the venue since May 20, 2017. So far there were eight days of food truck operation for four events in this venue.

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