

LCQ16: Food Truck Pilot Scheme

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 (November 20):

Question:

The Government has extended the Food Truck Pilot Scheme, which was launched in February 2017, by two years to February 2, 2021. Under the licensing conditions, the 15 food trucks may operate only at (i) designated operating locations on a rotation basis or (ii) venues of self-identified events that meet specific conditions (i.e. being open to the public, having publicity plans and appropriate licences for which having been obtained). It has been reported that the number of tourists and local residents visiting various operating locations has been dropping continuously since the eruption of the disturbances arising from the opposition to the proposed legislative amendments. To reduce their losses, operators of food trucks designated to operate at locations with low people flow have opted not to do business instead. In the past few weeks, among the 11 operating locations, there were only four locations, at the most, in a week the food trucks at which were open for business, and some of the food trucks were open for business from Friday to Sunday only. Some food truck operators have criticised that as the authorities do not understand the operating difficulties of food trucks and ignore the aspirations of the operators, it is difficult for their food truck business to sustain. 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 the food trucks and (ii) their business performance at different operating locations; 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 various designated operating locations 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;

(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 participate in private parties which are not open to the public, so as to offset the losses incurred by their operation at the designated operating locations; if so, of the details; if not, the reasons for that;

(4) given that the Government announced in October this year the reduction by

half in the rentals payable by the food trucks for operating at Government venues, whether it will consider negotiating with the management of the designated operating locations which are not Government venues (including the Hong Kong Disneyland, Ocean Park, Golden Bauhinia Square, and Central Harbourfront Event Space) to offer rental reduction of the same rate to food trucks operating at such venues; if so, of the details; if not, the reasons for that; and

(5) whether it will remove those operating locations with lower people flow and poorer business performance for food trucks, and introduce new operating locations; if so, of the details; if not, the reasons for that?

Reply:

President,

The two-year 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. After evaluating the operation of the Scheme, the Tourism Commission (TC) 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.

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

(1) introducing new operating venues, namely the Science Park, the AsiaWorld-Expo, the Hong Kong University of Science and Technology, the Hong Kong Science Museum, the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port and the Tai Po Waterfront Park in addition to the eight original operating venues;

(2) providing a more flexible shift arrangement for food trucks to operate in Energizing Kowloon East Venue 1 in the daytime and shift to Tsim Sha Tsui Art Square in the evening, and allowing operators to bid for vacant pitches by drawing lots or on a first-come-first-served basis;

(3) allowing food trucks to participate in self-identified events. TC will consider these events positively as long as they are open to the public with publicity plans available and obtained appropriate licences (e.g. temporary places of public entertainment licence). TC also encourages relevant Government departments to consider engaging food trucks in events organised or sponsored by them;

(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 TC's consideration and follow up if the venue management allows the food trucks to operate and provides appropriate supporting facilities and the pitch location will not cause obstruction to people and vehicle traffic.

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

(1) According to the financial statements submitted by the operators, the total gross revenue of 15 food trucks up to mid-October 2019 was \$48.87 million with details tabulated below:

| Gross revenue of food trucks (up to mid-October 2019) | Number of food trucks |
|--|-----------------------|
| More than \$4.5 million to \$5 million | Three |
| More than \$4 million to \$4.5 million | One |
| More than \$3.5 million to \$4 million | Two |
| More than \$3 million to \$3.5 million | Two |
| More than \$2.5 million to \$3 million | Four |
| More than \$2 million to \$2.5 million | One |
| More than \$1.5 million to \$2 million | One |
| \$1.5 million or below | One |

(2) TC assesses the business performance of the food trucks through the statements of accounts submitted by the operators rather than the people traffic at respective operating venues. The total gross revenue of 15 food trucks in operating venues up to mid-October 2019 was about \$43.46 million with details tabulated below:

| Operating venues | Gross revenue of food trucks (\$) (up to mid-October 2019) |
|----------------------------------|--|
| Hong Kong Disneyland | Around 27.09 million |
| Tsim Sha Tsui Art Square | Around 4.45 million |
| Salisbury Garden | Around 4.06 million |
| Ocean Park | Around 2.49 million |
| Golden Bauhinia Square | Around 1.73 million |
| Wong Tai Sin Square | Around 0.98 million |
| Central Harbourfront Event Space | Around 0.86 million |

| | |
|--|----------------------|
| Hong Kong University of Science and Technology | Around 0.77 million |
| Energizing Kowloon East Venue 1 | Around 0.47 million |
| Hong Kong Science Museum | Around 0.26 million |
| Science Park | Around 0.22 million |
| AsiaWorld-Expo (Note 1) | Around 0.06 million |
| Hong Kong-Zhuhai-Macao Bridge Hong Kong Port | Around 0.01 million |
| Tai Po Waterfront Park (Note 2) | Around 0.01 million |
| Total | Around 43.46 million |

As for events, the total gross revenue of 15 food trucks up to mid-October 2019 was about \$5.41 million, in which \$1.08 million came from food truck operation at tourism mega events organised by the Hong Kong Tourism Board (HKTB) and arranged by TC and \$4.33 million from self-identified events.

In conclusion, the business performance of food trucks at individual venues and events varied greatly and was attributable to a number of factors including whether the pitch location in the operating venue is prominent, whether there are sufficient number of visitors at that venue and event, the business strategy of food truck operators, including number of operation day and whether operators have offered different types of food to match with the preference and consumption power of customers, etc.

(3) Apart from arranging food trucks to participate in the tourism mega events organised by HKTB as mentioned above, 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. 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 parked. In accordance with the licensing condition of Food Factory Licence (FFL) 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. However, if the events held in private premises are open to public and have obtained licences, food trucks are allowed to apply and participate through the existing application mechanism for self-identified events.

Up to mid-October 2019, operators applied for operating in 90 self-identified events and approval had been granted to all applications. The

nature of these events varies, including mega music concerts, carnivals, food festivals, mega contests such as tennis tournaments, car racing, yacht racing, running competition and charity walk, etc. Amongst all events, some were held at private premises/lots such as events held at the golf club, country club and outdoor area of shopping centre 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 event participants 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.

(4) In view of the severe negative pressure faced by the Hong Kong economy, the Financial Secretary announced in August 2019 a package of measures to support enterprises (especially small and medium enterprises), to safeguard jobs and relieve people's burden. Amongst which, food trucks will benefit from the waiver of the renewal fees for FFL and registered commercial vehicle licence and the vehicle examination fees (Note 3).

Regarding the rental fee payable to the operating venues, further to the 50 per cent rental concession offered by government venues to operating food trucks from October 2019 onwards for a period of six months, Ocean Park will also reduce the daily rental by nearly 30 per cent for the period from mid-November 2019 to end-March 2020. TC will continue to discuss with venue management to come up with other measures to help relieve the operating pressure of food trucks.

(5) Another refinement measure of the Scheme is to allow operators to opt whether to operate at the operating venues under the rotation schedule and pay service fees only for the operation days, which has already provided them greater room and flexibility in operation. At the same time, TC has explored with relevant organisations and departments over thirty new locations with tourism elements for food truck operation. Yet most of them, for example, pedestrian areas, beaches or piers fell through for various reasons such as the accommodation of food trucks will cause obstruction to people and vehicle traffic, there are too many restaurants in the proximity or there is no venue management to provide electricity and other supporting services, etc. TC will continue to look for new operating venues where practicable with a view to exploring more business for food trucks.

Note 1: The AsiaWorld-Expo provided two pitches for food truck operation at suitable events held in the venue since May 20, 2017. There were eight days of food truck operation for four events in this venue. The AsiaWorld-Expo does not participate in the Scheme during the extension period in light of its development plan.

Note 2: Tai Po Waterfront Park provided one pitch for food truck operation from July 22 to September 30, 2019 during the closure of its restaurant and kiosk.

Note 3: Waiver for renewal fees for FFL has taken effect from October 1,

2019, whereas waiver for registered commercial vehicles licences fees and vehicle examination fee will be effective from December 30, 2019 after the completion of vetting procedures at the Legislative Council.