

LCQ17: Food Truck Pilot Scheme

Following is a question by the Hon Paul Tse and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (January 19):

Question:

The Government announced earlier that the Food Truck Pilot Scheme (Pilot Scheme) would end by the middle of this year due to "the unsatisfactory business development". There are comments that the Pilot Scheme is "too detached from reality" and has ended up being a "big mistake" inflicting heavy losses on investors, and that whatever can be done should be done to remedy the "big mistake" rather than dropping the Pilot Scheme and washing one's hands of it. Some members of the public attribute the failure of the Pilot Scheme to the Government's poor planning. In this connection, will the Government inform this Council:

- (1) whether it can assess how much private capital, effort and time have been spent on the Pilot Scheme from the former Secretary for Commerce and Economic Development encouraging investor participation, the selection panel screening the various applicants for licences (including requiring them to prepare proposals and participate in a cooking contest), the Commerce and Economic Development Bureau deploying manpower and resources for the regulation of food trucks, to finally the policies failing to align with business development and investors successively closing down their businesses to reduce loss, and whether it will learn a lesson from this;
- (2) as it is learnt that in the past, the Government would cancel the operating licences of on-street cooked food stalls (commonly known as "Dai Pai Dong") and mahjong parlours only by ceasing to issue new licences and would not revoke a licence until the death of the licensee concerned, whether the Government has assessed beforehand the losses that these food truck investors would suffer as a result of its announcement of the sudden "end of life" of the Pilot Scheme and its failure to provide proper "hospice" service for these food truck investors;
- (3) as it has been reported that in the face of the Government's decision to end the Pilot Scheme, the only food truck operator still in business that specialises in hamburgers has no choice but to seek to secure a brick-and-mortar shop, whether the Government will provide the investor concerned or other investors who wish to continue operating food trucks with assistance in securing a brick-and-mortar shop or other appropriate support, so as to reduce the losses they suffer; and
- (4) as the Chief Executive has earlier announced the introduction of the fifth round of the Anti-epidemic Fund, whether the aforesaid food truck operator is eligible for the relevant subsidy; if so, of the details; if not, the reasons for that?

Reply:

President,

The Food Truck Pilot Scheme (the Scheme) was launched on February 3, 2017. The Scheme is operated on a pilot basis, with the objective of promoting food trucks as a tourism project and has since been extended twice to February 2022. The Scheme has been running for almost five years. Its operation mode as a tourism project has been fully tested and its development is unable to achieve the policy objective. The Government has decided to end the Scheme, but will extend it for about four months until June 1, 2022, to allow sufficient time for the operators to make corresponding arrangements.

My reply to the question raised by the Hon Paul Tse is as follows:

(1) In the 2015 Budget, the Government put forward its plan to study the introduction of food trucks. The Scheme has been positioned as a tourism promotion project and implemented in the form of a pilot scheme. The Commerce and Economic Development Bureau (CEDB) and the Tourism Commission (TC) of CEDB have, within their policy framework, all along been offering a lot of support by refining the Scheme in response to the operational difficulties and challenges faced by food trucks so as to expand the business opportunities and operation flexibility of food trucks. Such work includes:

(i) Exploring new operating venues continuously and introducing eight new operating venues in addition to the original eight designated venues;

(ii) Relaxing restrictions by offering a more flexible operation schedule so as to facilitate the operators to secure operation locations and trading periods with more business opportunities, including allowing food trucks to operate in different venues at day time and night time, bid for available vacant pitches either by drawing lots or on a first-come-first-served basis, and swap trading periods of the same venue with other operators;

(iii) Taking suggestions of the operators to identify new operating venues;

(iv) Expanding the mode of operation by allowing food trucks to participate in self-identified events which are open to the public, with publicity packages and appropriate licences. Since the commencement of the Scheme, operators have applied for operation in 109 self-identified events and all applications were approved; and

(v) Reducing the operating costs of operators substantially by allowing them to opt whether to operate at individual venues and pay rental fees for operation days only.

In addition, in view of the impact of the riots in 2019 and the epidemic brought to the operation of food trucks, the Government has launched a series of helping measures for food trucks, including waiving all licence fees and first vehicle examination fees for food trucks, providing a one-off subsidy

of \$80,000 to operators, offering 75 per cent rental concession at government venues, and facilitating rental reduction of 30 per cent and 20 per cent for food truck venues at the two theme parks respectively.

Apart from policy support, the business performance of food trucks, being a commercially operated project, also hinges upon the operating conditions and strategy of the operators. They will be able to generate profits if their business strategy meets the preference and affordability of customers. However, the business development of food trucks being a tourism promotion facility was not satisfactory. Their business was better only in the first year after the implementation of the Scheme in 2017 but deteriorated continuously in the subsequent two years. Three of the 15 food trucks have already withdrawn from the Scheme, and currently among the remaining 12 food trucks, only half maintain relatively regular operation. As for the current 12 operating venues, only three have frequent food truck operation. Since the development of the Scheme cannot achieve the policy objective, we decided to end the Scheme.

(2) When the Scheme was launched in early 2017, it was explicitly stated that the Scheme would be operated on a pilot basis. Even though the Government has been providing various support to food truck operation, and refining and extending the Scheme on a number of occasions in the past five years, food trucks are operated on a commercial basis and they are to attract customers by their own characteristics. Since the implementation of the Scheme, most of the 15 food trucks have either withdrawn from the Scheme or suspended their operation, notwithstanding some are still in operation. As TC does not keep the commercial information of the operators' profit, we are unable to comment on the profit and loss situation of individual operator.

(3) It will be food truck operators' commercial decision whether they will continue running their businesses in other modes of catering businesses after the conclusion of the Scheme. If they so decide, they are required to follow the Food and Environmental Hygiene Department's existing procedures to apply for an appropriate licence.

(4) In response to the latest development of the epidemic situation, the Government announced on January 5, 2022, to tighten social distancing measures with effect from January 7, and on January 14, to further extend the corresponding measures until February 3, so as to contain the latest wave of the epidemic as soon as possible. The Chief Executive announced on January 14 that measures for the fifth round of the Anti-epidemic Fund (AEF) would be rolled out. The measures partly target at premises directly affected by the latest round of the tightening of measures, including premises that have been asked to close or catering business premises where dine-in service at night has been banned, and partly target at trades, though not directly affected by this round of measures, which have not seen any business revival and not recovered since the onset of the epidemic. The operation of food trucks is not directly affected by the latest round of tightened measures, and hence they are not covered under the measures of the fifth round of the AEF.