

LCQ21: Food Truck Pilot Scheme

Following is a question by the Hon Chan Hoi-yan and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (January 26):

Question:

The Government recently announced the decision to end the Food Truck Pilot Scheme (the Scheme) in June this year, after a comprehensive evaluation of its effectiveness. In this connection, will the Government inform this Council:

- (1) of the respective gross revenues earned by the operators of food trucks (the operators) in each rotation cycle since the launch of the Scheme;
- (2) of the respective gross revenues earned by the operators in designated operating venues and new operating venues, in each of the past three years;
- (3) of the respective highest, lowest and median gross revenues earned by the operators, in each of the past three years;
- (4) of the average or median revenue earned by the operators in operating at various self-identified events;
- (5) whether it has examined the reasons for the poor business performance of the operators; if so, of the outcome; if not, the reasons for that; and
- (6) whether it will consider allowing the operators to choose whether or not to continue the operation of their food trucks; 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. It was stated that the Scheme would be operated on a pilot basis with the objective of promoting food trucks as a tourism project. Since the implementation of the Scheme, the Government has been continuously refining the Scheme and has extended it twice to February 2022. The Scheme has been running for almost five years. Food trucks have been fully tested and their operation and development are 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 Chan Hoi-yan is as follows:

(1) Since the commencement of the Scheme in February 2017 up till now, food trucks have completed almost 16 Rotation Cycles (Note 1), with each lasting for 16 weeks. Fifteen food trucks started their business at different times between February and December 2017. Upon the withdrawal of three food trucks in 2019, 2020 and 2021, there are currently 12 food trucks under the Scheme.

The gross revenue of food trucks at each Rotation Cycle is presented in the table below:

Rotation Cycle		Gross revenue of all food trucks (\$ million)
1	February to June 2017	8.92
2	June to October 2017	6.06
3	October 2017 to February 2018	8.38
4	February to May 2018	6.64
5	May to September 2018	4.79
6	September 2018 to January 2019	5.47
7	January to April 2019	4.87
8	April to August 2019	3.12
9	August to December 2019	1.72
10	December 2019 to March 2020	0.91
11	March to July 2020	0.17
12	July to November 2020	0.35
13	November 2020 to February 2021	0.95
14	March to June 2021	1.15
15	June to October 2021	1.01
16	October 2021 to February 2022 (up to early January 2022)	1.77
	Total:	56.28

(2) In the past three years, the gross revenue of food trucks at designated operating venues and new operating venues is presented in the table below:

Operating venues	Gross revenue of all food trucks (\$ million)		
	2019	2020 (Note 2)	2021 (Note 2)
(A) Designated venues			

Hong Kong Disneyland	6.26	0.31	1.2
Tsim Sha Tsui Art Square	0.98	0.05	0.14
Tsim Sha Tsui Salisbury Garden	0.66	0.01	0
Ocean Park	0.56	0.01	0.01
Golden Bauhinia Square	0.24	0	0
Wong Tai Sin Square	0.01	0	0
Central Harbourfront Event Space	0.03	0	0
Energizing Kowloon East Venue 1	0.01	0.12	0
(A) Subtotal:	8.75	0.5	1.35
(B) New venues			
West Kowloon Cultural District (WKCD) (Note 3)	Not yet joined the Scheme	0.61	2.6
The Hong Kong University of Science and Technology	0.33	0	0
AsiaWorld Expo (AWE) (Note 4)	0	Withdrawn from the Scheme	Withdrawn from the Scheme
Hong Kong Science Museum	0.02	0	0
Hong Kong Science Park (SP) (Note 5)	0	0	0
Jockey Club HKFA Football Training Centre (HKFTC) (Note 6)	0.05	0.04	0.01
Tai Po Waterfront Park (TPWP) (Note 7)	0.01	Withdrawn from the Scheme	Withdrawn from the Scheme
Hong Kong-Zhuhai-Macao Bridge Hong Kong Port (HZMB HKP) (Note 8)	0.01	0	Withdrawn from the Scheme
(B) Subtotal:	0.42	0.65	2.61
(A)+(B) Total:	9.17	1.15	3.96

(3) In the past three years, the highest, lowest and median revenue among the operating food trucks is presented in the table below:

Number of operating food trucks	2019	2020	2021
	15	8	7
	Gross revenue of operating food trucks (\$ million)		
Highest	1.17	0.45	1.51
Lowest	0.09	0.01	0.05
Median	0.75	0.09	0.67

(4) Self-identified events varied in the number of event days, as well as the combination and number of participating food trucks. From June 2017 to early January 2022, all applications made by operators for their operation in 109 self-identified events were approved. The gross revenue generated in all self-identified events was \$5.17 million.

(5) 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 the CEDB have, within their policy framework, all along been offering support to food truck operation and refining the Scheme 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. However, the business development of food trucks was not satisfactory. The performance of the Scheme in general was better only at the initial stage after the Scheme was implemented in 2017 but it 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.

Food trucks as a tourism facility in Hong Kong are facing a number of operation challenges. The competition of catering industry in Hong Kong is keen. In order to maintain a fair business environment, food trucks are required to operate at designated locations and maintain certain distance from nearby catering outlets. In addition, locations of food truck pitches should not cause obstruction to any road users and there should be electricity and other support services provided by the venue management for food trucks. The operation of food truck business is also very much subject to the weather conditions.

Food trucks are operated on a commercial basis and they are to attract customers by their own characteristics. The Scheme has been running for almost five years. The CEDB and the TC have been providing various support to food truck operation, and refining and extending the Scheme on a number of occasions, such as exploring new operating venues, offering a more flexible operation schedule, expanding the mode of operation and reducing the operating costs substantially, etc. The business development of food trucks being a tourism promotion facility was still not satisfactory.

(6) Upon the conclusion of the Scheme, operators are required to surrender their Food Factory Licence and Special Purpose Vehicle (Food Processor) Licence to the Food and Environmental Hygiene Department (FEHD) and the Transport Department respectively. 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 FEHD's existing procedures to apply for an appropriate licence.

Note 1: Food trucks will move from one designated operating venue to another at a bi-weekly interval and complete a rotation cycle of all designated venues in 16 weeks.

Note 2: Since the outbreak of the epidemic in early 2020, some operating venues were closed from time to time due to social distancing measures.

Note 3: WKCD provided two locations for food truck operation from June 19, 2020 to August 31, 2020. It increased the number of locations to three on September 5, 2020 and further increased it to six on May 18, 2021.

Note 4: AWE provided two pitches for food truck operation when suitable events were held at the venue from May 20, 2017 to February 2, 2019. It withdrew from the Scheme in the light of its development plan.

Note 5: SP provided one pitch for food truck operation when suitable events were held at the venue from June 6, 2017 to February 2, 2021. It withdrew from the Scheme on resources consideration.

Note 6: HKFTC provides two pitches for food truck operation on Saturdays and Sundays since December 7, 2019.

Note 7: TPWP provided one pitch for food truck operation from July 22, 2019 to September 30, 2019 to cover the service gap when its kiosk and restaurant were temporarily closed.

Note 8: HZMB HKP provided one pitch for food truck operation from July 8, 2019 to July 31, 2020. It withdrew from the Scheme on account of carrying out site works.