

Macau

"The water coming to Macau from the Mainland is needed there"

CESL Asia provides services in Macau that range from environmental infrastructure to consultancy services. In an interview with Business Daily, President and CEO and Chairman António Trindade explained that Macau will have to face the fact that the price of water from the Mainland can increase

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Photography: Cheong Kam Ka

CESL Asia is involved in the water treatment plant on Macau Peninsula. During the Policy Address the Secretary for Transport and Public Works derided the idea of building a plant to recycle water on the Peninsula. What's your view on this?

This is a complex topic. My interpretation from the answers of the Secretary during the Policy Address is that there are many urgent issues happening in the territory and the government doesn't have the capacity to handle all at the same time. The Secretary has been in office four months now and is prioritising the issues. However, I believe the treatment of wastewater will be an issue that needs to be handled, and that the Secretary is aware of that. Now,



focusing only on the recycling of water for domestic use it's true that the water from Mainland China is cheaper, as the Secretary said. But this scenario can change. It's important to be aware that the water coming to Macau from the Mainland is needed there. This is not an urgent matter now because of the limited resources that the Secretary has to handle [his portfolio].

At this moment, with gaming revenues declining, Macau is undergoing a recession. Is CESL Asia feeling the consequences of the slowdown?

We feel this situation but we prepared for it a long time ago. It was clear before that the transport network of Macau was overloaded, that property prices and the number of visitors went beyond a sustainable point. Still, we decided to keep the number of our workers because in spite of the recession the number of tourists will be the same and the number of resorts will actually increase. The market did not shrink for us but there are going to be some changes. Our clients will look for more added value from our services and they will ask us for different ways to reduce their costs. This is actually a situation that can increase our profits. However, there's no doubt things are going to change and many companies that are now in Macau may decide to leave as they may lose their market position.

Can you expand on the activities that CESL Asia is involved in?

Our concept is to provide our clients with the best possible value added services through consultancy. We make sure that the infrastructures where we are working are able to perform the tasks they were designed to efficiently.

For example, concerning Macau gaming resorts they have huge and

How to grow a city

CESL Asia was founded in Macau in 1988 as a 'spin off' of the Portuguese company CESL that no longer exists. The group has an extended portfolio of services that ranges from Environmental Infrastructure and Facilities Management to Consultancy Services. Focus, FocusAqua, MPS and Dafoo are subsidiaries of the group.

complex power systems. When a client goes to his room he swipes the keycard and the lights turn on. For this to happen there is a lot of complex work with the systems behind. We provide the service of guaranteeing that the power system works efficiently and that its product works as it is supposed to. This kind of work is also provided for water and cooling systems, but these are just a few examples.

Then the added value services provided by CESL Asia allow companies and institutions to run their structures under ideal conditions?

It's a service that's based on know-how, and that can be very important. Looking at the example of the gaming resorts, their monthly energy bill can be over US\$10 million. By increasing the power efficiency of these resorts by 5 or 10 per cent you can imagine how much they can save. Overall, this impact may be limited in terms of total operating costs but in terms of costs with energy alone it has great importance.

Do you think the Central Government's fight on pollution, the CEPA agreements and the new Free Trade Zone in Guangdong will make it easier for companies to invest on the Mainland? What role can Macau play?

People do not realise it often but Macau is really working as a platform. The territory has a lot of specific characteristics and can add value to the partnerships between the Portuguese-speaking countries and Mainland China. And providing that the Portuguese-speaking countries are able to reach a three-way partnership involving Macau and Mainland China partners they'll be able to enter Mainland China. This is going to bring benefits to all the parties involved.

What do you consider the specific characteristics that can benefit Macau?

Development in recent years has been primarily related to the gaming industry but it also involves other services related to tourism such as retail or the food and beverage business. It's important to bear in mind that such a concentration of infrastructure [gaming resorts] is not common. These characteristics are the other side of the diversified economy that existed before the boom in the gaming industry. For instance, when we constructed the Macau Incineration Plant it was the most developed and the first to ever be built in Asia, excluding Japan. At that time, it was in the environment facilities that Macau was an icon in Asia. Now it is in the gaming industry. Macau has the capacity to generate a strong business environment

by absorbing the know-how of the companies and institutions in the territory, whether they are Chinese, Portuguese or from other countries.

What do you consider to be the most favourable conditions for companies operating in Macau?

Overall, the conditions for economic activity in Macau, including taxation, are very favourable for its development. But of course some areas have more favourable conditions than others. If you're in the gaming industry it's very good to be in Macau. If you're selling smartphones it's better to be in Mainland China, Portugal or the United States because their market is larger. But these things change from time to time. Macau was never a good place for the retail industry. Then visitors began to arrive and there are now 31 million [visitors] per year. So, Macau became a very good market for retail sales.

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What are the main challenges operating in the territory?

The market is limited because of the population as well as the resources available here.

Businessmen in the territory often complain about the lack of workers and the difficulties of retaining residents for long periods. Is this a problem that also affects CESL Asia?

We definitely feel that because our challenges are no different from the other companies operating here. However, we make sure that the added value created by our company is shared in a fair way among our staff. For instance, in March or April usually the board discusses the restructuring of our company in terms of promotions and salaries of our workers. This year, all of us on the board were genuinely happy with the fact that we can increase our salaries 8 per cent. And we already have high salaries, because in this area we're able to compete with our clients. I can say that of 500 workers only around four people are paid less than MOP10,000.

According to your words a proper compensation enables the company to retain its workers...

Yes, but not only that. We're very aware that our employees can easily find a job in another place. So, we offer the prospects of a career and the possibility of acquiring experience. On our board most of the directors are employees that acquired experience in the company and

In terms of operating, how does this shortage of labour affect CESL Asia and how does the management team handle it?

We face the shortage of labour as a fact. This means that the people working with us will have to produce more and better. Now, I don't mean that they will have to produce more like machines on a production line. To produce more is to consider other options and innovate in order to develop better and sharper skills. Now, if we had more people we could have engaged in different tasks but we have to accept this reality. Instead of allocating 500 workers to one task we will have to allocate 300.

CESL Asia assumed control of a laundry service this year. Can you tell us more about this business?

The laundry service is a challenge to our company that honours a lot. We're managing the company owned by the fund of Lionel Leong's family. As he was invited to be the Secretary for Economy and Finance he is no longer available to do it. We are happy to assume this responsibility of managing a company that provides very high standard services.

CESL Asia was founded in 1988 and has been in Macau for 27 years now. Can you share the origins of the group?

CESL Asia has its origin in a Portuguese company named CESL. That company in Portugal was related to environmental solutions, which is still one of the most important areas of business of CESL Asia.

Our origins go back to the beginning of the handover period of Macau. In 1988, the Portuguese administration asked CESL to come to the territory. Macau was changing and it was required to develop environmental facilities such as incinerators or water treatment plants. This was the beginning of our work in the environmental area. It was also during this time that we started to provide value added services to Macau Airport. Thus, the company has different origins but it started from scratch in Macau.

You mentioned there was a company named CESL in Portugal. What is the relationship between the two companies?

Our company is 100 per cent Macau-based and our relationship with CESL is only because of our origin. Not many people are aware of it but CESL no longer exists. Now, of course, there's still a Portuguese side to our company, which includes me. I'm Portuguese born in Angola and I've spent more than 30 years between Macau and Hong Kong. Also, in terms of economic activities I'm more connected to these territories. However, our Portuguese side is limited in terms of our workforce

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CESL Asia started to operate in Macau prior to the handover. But in recent years, and mainly after the change of administration, the region went through a steep development. How did this affect CESL?

In 1999, we started the facilities management at the Macau Cultural Centre. We were deciding the programme of the Centre and also taking care of the commercial part. After starting with around 90 employees, by this time we've increased the number to 150. The transition allowed us to continue to expand and it brought new opportunities. Following the liberalisation of the gaming market we started a partnership with the first operator

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climbed through the hierarchy. It is also part of the strategy of the group to involve our employees and make them feel that they are part of the group. We want them to feel that they're better in our company than in another place.

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to around 5 per cent of our total number of employees. Beside this we're investing in Portugal as a foreign investor company, as we are a Macau company. We're investing in renewable companies there.

to enter the market at that time - Sands China - which is still in effect today. However, after that we also entered into agreements for the same type of services with other operators such as Melco Crown and Galaxy.

