

**Rafizi: NFC doomed from the start**  
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**Aidila Razak**

INTERVIEW Politics aside, can the National Feedlot Corporation (NFC) turn things around to make the cattle-rearing project work? Probably not, said PKR chief of strategy Rafizi Ramli.

Interviewed by Malaysiakini last week, Rafizi, who is a qualified chartered accountant, said that the bare economics of the project suggest that it was "doomed from the very beginning".

Already facing a lawsuit by cabinet minister Shahrizat Abdul Jalil, whose family owns NFC, Rafizi even went as far as suggesting that the family knew that it was never going to succeed, but used it for "seed money" for other businesses.

"I get the feeling that the National Feedlot Centre operation in Gemas ... is just a disguise. The rest is about the more glamorous part of the business; property investments, upmarket food and beverage business.

"So when you have people who get the contract and funding not for the actual purpose of that policy, of course it's doomed from the very beginning," he said.

The PKR man has boldly suggested that the family had used their effective control over the RM250 million government soft loan to convince banks to provide loans for other ventures.

"If you have control, and even if your name is not placed as the direct shareholder of a company, but if you can prove that you have effective control over a RM250 million fund, that in itself is a good guarantee for banks to give you loans to buy so many properties," he said.

### **No personal guarantee, no talk**

Rafizi added that NFC CEO Wan Shahinur Izmir Salleh's emphatic argument that his family will be ruined for generations if they squander the loan, may not be valid as it is not legally binding.

"I'm fine if every single one of (NFC's owners) put a personal guarantee of RM250 million, put all the assets under their name as collateral to the RM250 million, then we are talking some sense," he said.

Without putting down accountability in writing, the only thing that can be done if NFC goes belly-up is to close its parent company Agrosience, which is also owned by the family.

"They lose their initial investments into Agrosience and that's it," he said, noting that the government had previously bailed out companies like Renong and Perwaja Steel, which were extended loans at even more onerous terms than NFC.

The situation seems more likely, he added, seeing how NFC has refused to own up to its failures thus far, and instead blame "the government, the abattoir and the non-Malays' (beef) cartel".

"So you can expect that as time goes by and they don't meet their target, and the money just dissipates and is transferred to all other companies, these are precisely the arguments made to the government.

"In the end, as was in the cases before, the government will say, 'Oh, because there are a lot of technical glitches and wrong planning, the guy who did the paper at the ministry was wrong, and therefore it is not NFC's fault and therefore we reach a settlement,'" he said.

He added that the blame game played by NFC is also unreasonable as they had access to a large sum of money and could have built a large abattoir instead of the small one, which they claim is only a "stop-gap measure" due to failure of another contractor.

"Why didn't they build their own big abattoir? They had RM250 million! ... In the corporate world, you have to deliver the target, whoever's fault it is," he said.

### **Opposition from government officials**

But it may appear that the government, too, cannot wash its hands clean of it as the viability of the project was doubted from the get-go.

Citing conversation with "pensioners from the Veterinary Department who claim to be in the know" and former Agriculture Ministry officials, Rafizi said the project was opposed from the onset.

The main reason was that feedlot farms are expensive as operators have to import mature cattle at thousands of ringgit and spend more money fattening the cattle.

The project requires NFC to cultivate 310 satellite farmers, who buy the cattle from the company to fatten up which will later be sold back to NFC for slaughtering and meat distribution.

According to Rafizi, NFC requires each satellite farmer to buy at least 100 cattle to be part of the programme when the cost to NFC per head of cattle is RM7,000.

"That's RM700,000 outlay not including working capital to run the small farm. Who on earth would have RM1 million? If I had RM1 million, I wouldn't end up rearing cattle, I would do something else obviously," he said.

He said that the cost is high for NFC as they import cattle from Australia, which is more expensive than cattle from Thailand, while the lack of grazing pastures mean a lot of money is spent on cattle feed.

"This is not the first time Malaysia is trying to do feedlot. Felda tried to do feedlot, it didn't work. I know Guthrie tried to do feedlot, again this question of costing. Feedlot operation is not that easy economically," he said.

He added that this is the reason the Shahrizat link is important.

"Because if it (the project) was to go through a proper independent scrutiny in terms of financial viability, most probably it wouldn't be approved at all," he said.

Was the family sabotaged?

Was NFC then set up for failure? Was the family of the women, family and community development minister given a white elephant project to take care of?

No, said Rafizi, and the answer is in high society magazine, Tatler.

"The first time I came across NFC was not in the Auditor-General's Report but was in Tatler magazine some time in 2007 or 2008... very glamorous! They were basking in the glory and attention.

"If it is a white elephant project which they knew is sabotage for them, I don't think they would have enjoyed hobnobbing and all that... They were enjoying (themselves).

"But I think they knew from the beginning that to achieve that 276,000 cows per annum target is an impossibility, and that's why I think they spent a lot more time doing other things," he said.

The other things being setting up a distributing company for the meat and upmarket restaurants, which they argue support the feedlot centre.

This argument, Rafizi said, is flawed on two fronts - one, the fact that the government or even NFC as a company has no say in the two subsidiaries, to which NFC funds have been transferred.

While the government has a golden share in NFC, Rafizi says it has no say in National Livestock and Meat Corporation, which converts the meat to beef products and F&B outlet operator Real Food Company, which distributes the products and runs upmarket Meatworks restaurants.

He added that the setting up of these businesses are also suspect as it puts the cart before the horse.

"You go and ask any retail company, not just in meat. They don't set up so many operations. Sometimes it is just a division or marketing section within the company.

"But most important, you can't be talking about building a distribution network or marketing meat products as they claim to do, when they don't have cows.

"You need to have exactly the right number of cows necessary before you can start doing this," he said.

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