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The finance ministry said the federal government has agreed in principle to receive RM1 billion out of RM2.3 billion of the total debt from the Sarawak government. — Picture by Shafwan Zaidon

KUALA LUMPUR - July 6 : The Sarawak state government will have to repay the remainder of its initial RM2.3 billion debt to the federal government via its legislative mechanism, which will then be used to repair schools for the poor in the state, said the Finance Ministry.

It said the federal government has agreed in principle to receive RM1 billion out of RM2.3 billion of the total debt from the state government, leaving the remaining RM1.3 billion to be paid back.

“Firstly up to RM1 billion of the remaining debt should be paid to the Federal Government’s Consolidated Funds, in line with legal requirements and the Constitution,” the ministry said in a statement.

In turn the federal government will channel the same amount paid by the state government back to it as allocation for the restoration of schools for the poor in Sarawak.

“Thirdly, the restoration works should be offered via open tender to ensure transparency and value for money, based on the federal government’s current financial procedure.

“Fourthly, the federal government is ready to consider the priority of the Sarawak state government in determining which schools are to be restored,” said the ministry.

It emphasised that the proposal for the state government to use loan repayments in repairing these schools is actually a deposit by the federal government, as it utilises the funds loaned out to the state government before this.

“With this characterisation, it means the RM1 billion really belongs to the federal government itself, to be used in restoring schools.

“The federal government’s stance on implementing the restoration of schools in Sarawak is outlined in the four points during the special meeting on March 11 and via a dated letter on March 20. However until now there has been no response from the state government,” the ministry said.