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KUALA LUMPUR (Oct 5): The federal government's subsidy spending fell 40.1% to RM23.43 billion in 2025 from RM39.10 billion a year earlier, mainly because of a drop in petroleum subsidies, according to the latest Auditor General's report released on Monday.

Over the same period, spending on grants and aid for the welfare of individuals and families rose to RM20.36 billion from RM4.24 billion.

Petroleum product subsidies fell RM15.79 billion, or 45.2%, to RM19.11 billion. The report attributed the reduction to lower crude oil prices and to the targeting of diesel subsidies from June 2024 and petrol subsidies from September 2025. Among other subsidies, spending on food aid and supplementary food rose 1% to RM2.51 billion.

Toll compensation increased 19.5% to RM917 million, covering amounts payable to highway concessionaires because of deferred toll rate increases and festive season toll discounts.

Subsidies for Keretapi Tanah Melayu (KTM) and Malaysia Airlines (MAS) rose to RM280.68 million and RM255.84 million respectively, up 21.7% and 9.6%. The subsidy for electricity to large domestic-oriented industries fell 50.5% to RM229.93 million, which includes RM10.24 million for the RM40 electricity bill rebate programme, with the balance paid to Sabah Electricity.

Spending on grants and aid for the welfare of individuals and families rose by RM16.13 billion, or 380.8%.

The report cited disbursements under the Sumbangan Asas Rahmah (Sara), Sumbangan Tunai Rahmah (STR) and Budi Madani programmes, as well as STR operating costs.