

Singapore's Budget creates a National AI Council chaired by the Prime Minister

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C. Harness AI As A Strategic Advantage

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C. Harness AI As A Strategic Advantage

52. In a changed world, a decisive factor for success will be how we harness new technologies — foremost amongst them, Artificial Intelligence.

53. AI is advancing at remarkable speed. We are reaching a stage where systems can write their own code and improve through iterative learning. The potential is immense — to raise productivity, unlock new discoveries, and transform lives in ways that we are only beginning to understand.

54. But with this promise comes deep deep concerns. Workers worry that AI will displace jobs. Societies worry about misinformation, bias, and the ethical use of powerful technologies. These anxieties are real — and we must confront them squarely.

55. But fear cannot be Singapore's response. If we allow uncertainty to paralyse us, we will fall behind in a world that is moving rapidly ahead.

56. So we must act with clarity and resolve. AI is a powerful tool — but it is still a tool. It must serve our national interests and our people. We will define how AI is developed and used in Singapore. We will set clear rules to ensure it is applied responsibly and safely. And we will ensure that its benefits are shared widely across society.

57. Harnessed well, AI will be a strategic advantage for Singapore. It can help us overcome our structural constraints — our limited natural resources, rapidly ageing population, and tight labour market.

58. To do this, we must invest deliberately and with discipline — not by simply following what others do, but by playing to Singapore's strengths. Our advantage does not lie in building the largest frontier models. It lies in deploying AI effectively, responsibly, and at speed. Singapore can be a trusted hub where companies and researchers come together to develop, test, and deploy impactful AI solutions — and do so faster and more coherently than many larger countries.

59. This is already happening. Today, more than 60 firms, including Google and Microsoft, have set up AI Centres of Excellence here. These investments have created a growing number of good jobs for Singaporeans — in AI research, engineering, and deployment.

60. But to fully realise AI's potential, we must go beyond individual pilots and isolated experiments. We must organise at a national level, and move with speed and scale.

Driving Transformation through AI Missions

61. We will therefore launch a new set of national AI Missions . These missions will drive AI-led transformation in key sectors of our economy, and push the boundaries of what is possible, for Singapore and for the world. We will focus on four sectors: advanced manufacturing, connectivity, finance, and healthcare.

a. For example, in advanced manufacturing, we aim to accelerate innovation and build best-in-class factories that can compete globally.

b. In connectivity and logistics, AI can help to automate airport and seaport operations, move goods more efficiently, and strengthen Singapore's position as a leading global hub.

c. These are not abstract aspirations. Each AI Mission will be anchored in clear objectives and tangible outcomes.

62. Delivering this will require us to work differently. We will review regulations and create sandboxes, so that companies can test AI innovations safely and responsibly. Within the Government, we will better align our R&D, regulatory, and investment promotion efforts — so that agencies act in concert and pull in the same direction.

63. All this will require a coordinated national effort. We will therefore establish a new National AI Council, which I will chair, to provide strategic direction and to drive Singapore's AI agenda .

Accelerating AI Adoption by Enterprises

64. For AI to truly transform our economy, companies must also adopt it comprehensively. Many firms say they are using AI. But end-to-end transformation with AI is very demanding. It requires organising data, rebuilding systems, redesigning processes and jobs, and retraining workers. Even the major global companies are grappling with this. But those that succeed will gain a decisive competitive advantage.

65. A few leading Singapore companies like DBS and Grab are already moving decisively on AI transformation. We want to encourage more to do so. So we will launch a new Champions of AI programme to support firms with the ambition to use AI to comprehensively transform their business . Support will be tailored to each company, and will include enterprise transformation and workforce training. As these companies succeed, they will set benchmarks for their industries and inspire others to follow.

66. Beyond this, we will strengthen support for all enterprises, especially our SMEs, so they adopt AI and benefit from it in practical ways.

a. We will build on the Enterprise Innovation Scheme, which provides businesses with 400% tax deductions on qualifying expenditures in activities like R&D, innovation, and capability development. We will expand the scheme to include AI expenditures as a qualifying activity, for the Years of Assessment 2027 and 2028, capped at \$50,000 per Year of Assessment .

b. We will also strengthen our existing support schemes. The Productivity Solutions Grant (or PSG) already helps companies to adopt digital solutions. Increasingly, these solutions will be AI-enabled.

c. Take HarriAnns, an F&B company known for its freshly made nonya kueh. It began in the 1940s, started by Mdm Chia Nguk Eng, and later grew into a stall at Tiong Bahru Food Centre. In the 1980s, her son took over the business. Today, the third generation runs the company, and it has expanded to eight cafes across Singapore. With support from the PSG, it adopted an AI-enabled restaurant management system to automate ordering and billing, and streamline operations — serving customers faster and growing its revenues in the process.

d. We will expand the PSG to support a wider range of digital and AI-enabled solutions , so that every firm, regardless of size, can access tools that help them work smarter and compete more effectively.

67. To build a vibrant AI-enabled economy, it helps to have a focal point — one that brings together AI founders, practitioners, researchers, and innovators, and catalyses more collaborations and interactions.

a. We have started a pilot initiative called Lorong AI — it's a dedicated co-working space that serves as a convening hub for our AI community.

b. We will build on this pilot, and establish a larger AI park at One-North . This will be a new cluster to catalyse ideas, forge collaborations, and translate AI initiatives into practical solutions for businesses and public services.

Empowering Workers in an AI-Enabled Economy

68. Just as we support enterprises, we must do the same, and more, for our workers.

69. AI will change how we work. Some tasks will be automated. New roles will emerge. Many existing jobs will evolve. I know this creates real anxiety for workers. The pace of change can be unsettling, especially when livelihoods are at stake.

70. But we will not allow technological change to come at the expense of our workers. We will press ahead with AI — because we must. At the same time, we will put in place strong support to help our workers adapt and progress — because we will take care of our own.

71. The Government will stand with our workers throughout this transition. No one will have to navigate the changes alone. We will help Singaporeans acquire new skills, adapt to new roles, and use AI as a tool to be more productive and effective at work. Where jobs are impacted, we will manage the transitions carefully, and work

closely with NTUC and our unions to help workers move into new areas and opportunities.

72. Our commitment is clear: every Singaporean who is willing to adapt and learn will continue to secure a good job and make a good living here in Singapore.

73. To succeed in this new reality, we must prepare both our future workforce and those already working today. For the next generation, we will strengthen AI literacy for students across all our Institutes of Higher Learning (or IHLs). Just as importantly, our IHLs will continue to emphasise strong foundations — so that students learn to use AI wisely, not as a shortcut, and are equipped with rigorous thinking and deep disciplinary skills.

74. At the workplace, we will help workers use AI to take over routine tasks, so that they can focus their time and energy on higher-value activities — work that requires judgment, creativity, and human insight, and that cannot be replaced by machines.

75. Take accountancy as an example. Today, accountants can use AI to automate large parts of data consolidation, preparation, and book-keeping. This allows them to move up the value chain — spending more time on client advisory, forensic work, and complex analysis, where professional expertise and trust matter most.

76. To support workers through this transition, we will help them build practical AI capabilities . Because AI is already reshaping many forms of white-collar and cognitive work, we will start with the accountancy and legal professions, and progressively extend them to other fields.

77. Beyond these specific sectors, every Singaporean can take the initiative to learn and pick up AI-related skills . Today, many AI chatbots, like ChatGPT or Gemini, are widely available and easy to use. For many, they are just smarter versions of a search engine. But there is much more to AI than just doing a search. With the right guidance and prompts, these tools can do a lot more — helping users analyse information, generate ideas, and solve problems.

78. Using AI well requires learning, practice, and the right support. There is already a wide range of AI-related courses on the SkillsFuture website — from fully online options to part-time and full-time programmes. But we know it is not always easy to navigate the options and identify what is most relevant. So we will redesign the SkillsFuture website to make AI learning pathways clearer and easier to access — so that Singaporeans can quickly find courses that match their work needs and proficiency levels .

79. Learning must go beyond theory. It must translate into hands-on applications. While most AI tools are free at the basic level, access to more advanced models requires a paid subscription. To further encourage learning, we will provide Singaporeans who take up selected AI training courses six months of free access to premium AI tools . This will allow them to practise, experiment, and apply what they have learnt.

80. Several ministries — MDDI, MOE, MOM, and MTI — are involved in these cross-cutting efforts. And the Ministers will provide more details at the Committee of Supply.

81. Sir, Singapore will not be passive in the face of rapid changes around us. We will adapt. We will compete. We will continue to move forward with confidence. By harnessing AI as a strategic advantage, we will shape our own future and secure our place in this changed world.

ANNEXES

Annex C-1: Harness AI As A Strategic Advantage (180 KB)

B. Advance Our Refreshed Economic Strategy D. Build A Resilient And Skilled Workforce

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