

## BUDGET 2026 SPEECH

### SECURING OUR FUTURE TOGETHER IN A CHANGED WORLD

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## **A. Introduction**

Mr Speaker,

1. I move that Parliament approves the financial policy of the Government for the Financial Year 1 April 2026 to 31 March 2027.
2. This is our first Budget in this new term of Government. It comes as we enter a post-SG60 phase in our nation building journey.
3. We begin this next phase at a time of profound global change.
  - a. For nearly eight decades, the world benefited from an international order that supported stability and economic cooperation.
  - b. The system rested, in large part, on the leadership of the United States. It underwrote global security, championed open markets, and helped form the institutions and rules that enabled shared prosperity across the world — including here in Asia.
  - c. That era has now come to an end.

- d. The US is re-assessing, and in some areas undoing, key elements of the very system it once helped to build.
  - e. Trade rules that were once promoted are being set aside. Global institutions are being bypassed. And long-standing norms are becoming less reliable.
4. The cumulative effect is a weakening of the multilateral system. Countries everywhere have less confidence that common rules will protect their interests.
- a. As a result, more states are resorting to unilateral action, and some are becoming emboldened to do so.
  - b. At the same time, the guardrails that once helped manage disputes and tensions are eroding.
  - c. So the world is becoming more contested, more fragmented, and ultimately more dangerous.
5. Against this backdrop, last year, there was widespread expectation that the US Liberation Day tariffs would trigger a sharp global slowdown.

6. Fortunately, our worst fears did not materialise.
  - a. Many firms adjusted quickly — front-loading production and imports to get ahead of the tariff measures.
  - b. Subsequent trade deals, together with shifts in global supply chains, helped to reduce the actual impact of the tariffs.
  - c. As a result, growth in the major economies held up, supported in part by strong investment in AI-related activities.
  
7. In short, despite mounting stresses, the global economy proved more resilient than anticipated, and the international system continued to function.
  
8. This year, however, we may not be so fortunate. Events in just the first month of 2026 have already been of exceptional scale and consequence. They have increased geopolitical tensions worldwide. As pressures build and the margin for error narrows, the resilience of the global system will be tested far more severely.

9. There are also clear and growing signs of fragility in the global economy. Rising public debt in many major economies will strain financial stability, and weigh on longer-term growth prospects. At the same time, heightened risk-taking in financial markets has pushed up asset valuations, leaving them vulnerable to abrupt corrections. Any such adjustment would dampen confidence, and spill over into real economic activity.

10. These external developments have a direct bearing on us. Last year, the resilience of the global economy, combined with our own economic strength, resulted in better-than-expected growth of 5%. Strong external demand boosted key industry clusters, including electronics and biomedical manufacturing. These gains generated spillovers across the broader economy.

11. Some of the positive momentum will continue into this year. But amidst heightened global uncertainties, we expect a more moderate outlook for 2026. Growth is therefore projected at 2% to 4%; with inflation at 1% to 2%.

12. Despite these uncertainties, we can move forward with confidence — confidence grounded in fundamentals.

- a. Over the decades, we have systematically strengthened our economic foundations — deepening capabilities, investing in our people, and reshaping our industries as technologies evolve.
- b. We have built a reputation as a reliable and trusted hub — stable, secure, and well-governed — qualities that businesses and investors have come to value highly, more so now than before, precisely because the world has become more fractured and uncertain.

13. All these give Singapore an important and tangible competitive advantage.

14. But past success alone will not carry us forward. In a profoundly changed world, standing still is not an option. We cannot wait for conditions to turn more favourable. Nor can we fall back on strategies designed for a previous era.

15. We therefore have a full agenda in this term of Government to refresh our strategies and strengthen our social compact. Budget 2026 is the first step in this effort, to secure our future in a changed world. It lays the groundwork for how we will navigate our next phase of development — together, as one people.

16. In this Budget, we will:
  - a. Advance our refreshed economic strategy.
  - b. Harness AI as a strategic advantage.
  - c. Build a resilient and skilled workforce.
  - d. Give families more support and greater assurance.
  - e. Protect our security and sustainability.
  - f. Renew and strengthen our Singapore spirit.
17. I will touch on each of these in turn.

## **B. Advance Our Refreshed Economic Strategy**

18. While our economy did well last year, some businesses continue to face cost pressures and operating challenges.

- a. We will support our businesses and help them stay competitive.
- b. I will **provide a 40% Corporate Income Tax rebate in the Year of Assessment 2026**. Every active company that employed at least one local employee last year will receive a minimum benefit of \$1,500. The total benefit for each company will be capped at \$30,000.
- c. This will provide short-term relief, as we press on with our restructuring and transformation efforts.

19. Growth will be harder in this changed world. We must aim higher, move faster, and be prepared to take calculated risks. This is why the Government convened the Economic Strategy Review. The ESR committee shared their mid-term update last month, and we will move decisively to act on their key recommendations.

20. Our ambition is to secure growth at the higher end of the 2% to 3% range over the next decade. But growth itself is not enough. Growth must translate into good jobs and rising incomes for Singaporeans. Let me elaborate on how we will achieve this.

### **Connecting Differently in a Changed World**

21. First, we must adapt and connect differently in a changed global environment.

22. Some countries are turning inward, seeking to reduce their external dependence. But for Singapore that is not an option. To prosper, we still need to be connected to the world — trading with others, and integrating ourselves into global flows.

23. Importantly, globalisation has not ended. No country can succeed on its own. Most major products still depend on a global division of labour, combining expertise and materials from many countries, and on access to global markets to achieve scale. This fundamental reality has not changed. What has changed is globalisation as we knew it. Economic flows are becoming more selective, partnerships more strategic, and resilience now matters as much as efficiency.

24. Singapore must therefore adjust to these new patterns — staying open, but connecting in smarter, more diversified, and more resilient ways.

25. That's why we are forging new forms of cooperation with partners who share our commitment. Last year, we launched the Future of Investment and Trade Partnership, bringing together like-minded partners to cooperate in areas like technology, trade facilitation, and supply chain resilience. This month, the EU-Singapore Digital Trade Agreement entered into force — a landmark agreement with robust rules for digital trade. Later this year, we will sign a first-of-its-kind Agreement on Trade in Essential Supplies with New Zealand — to ensure the continuity of critical trade flows between our two countries in times of crisis.

26. We will also step up engagement with fast-growing markets, including in Latin America, Africa, and the Middle East. We will establish new embassies and strengthen our diplomatic and economic presence on the ground, to take better advantage of emerging opportunities in these regions.

27. Closer to home, we are working with our neighbours to deepen regional integration. This includes cooperating on projects such as the Johor-Singapore Special Economic Zone, and the Batam, Bintan and Karimun Free Trade Zones in Indonesia.

28. In short, we will redouble our efforts to diversify globally and to integrate regionally. But connectivity alone is not enough. It must translate into real opportunities that our businesses can seize.

29. Many Singapore companies are already doing this. One example is Rotary Engineering. It started in 1972 offering electrical installation services to oil refineries and petrochemical plants here in Singapore. But it did not confine itself to our domestic market. Over time, it built a leading presence in Southeast Asia delivering energy infrastructure services. Now, it is venturing further afield, and deepening its presence in the Middle East.

30. Doing business overseas is not easy, especially for smaller firms. Companies face unfamiliar regulations, different business practices, and intense local competition. That is why we will do more to support Singapore companies as they venture abroad.

- a. We will **enhance the support levels for grant schemes that support companies to internationalise — up to 70% for Small and Medium Enterprises (SMEs), and up to 50% for non-SMEs.**
- b. We will also **enhance the Market Readiness Assistance grant to support companies not just to access new markets, but to deepen activities in existing overseas markets as well.**
- c. Under the **Double Tax Deduction for Internationalisation scheme**, companies automatically enjoy a 200% tax deduction for selected qualifying activities, capped at \$150,000. **We will allow more qualifying activities to be eligible for such automatic tax deduction claims and raise the cap to \$400,000.**
- d. We will **enhance the Enterprise Financing Scheme by increasing the maximum loan quantum for trade and fixed asset loans.** This will give companies more flexibility to cater to their different financing needs.

- e. We will also provide more support for companies pursuing significant overseas ventures that require higher capital outlay.

31. The Minister for Trade and Industry will share more at the Committee of Supply.

### **Establishing Leadership in Key Industry Clusters**

32. Second, we will build leadership in key growth clusters. This means anchoring critical segments of global value chains here in Singapore — especially activities with high knowledge content and strong spillovers. Our goal is not just to host such activities, but to shape how these industries develop and where they create value.

33. We are already doing this in semiconductors. A key frontier in this industry is Advanced Packaging. Despite what the name suggests, it is highly complex and technologically demanding. Traditionally, faster chips have been built by packing more transistors onto a single chip. But this is becoming more costly, and we are approaching physical limits. As a result, attention has shifted to Advanced Packaging, which integrates multiple chips into a single package, using highly precise manufacturing technologies. This delivers better performance and energy efficiency.

34. Singapore began investing in Advanced Packaging R&D more than two decades ago, well before it became a global priority. These investments are now bearing fruit. They are one reason why major semiconductor companies continue to invest heavily in Singapore — not just in manufacturing, but also in R&D, innovation, and supply chain partnerships.

35. We see a similar pattern in other key industries like aerospace and biomedical sciences. Technology is the critical enabler underpinning our strategy to build leadership in these clusters. Singapore must be a place where frontier technologies are developed, tested, and commercialised. **That is why we will invest \$37 billion under the Research, Innovation, and Enterprise, or RIE2030 plan.** This reflects our sustained commitment to research and innovation, amounting to around 1% of GDP each year.

36. At the same time, we must be realistic. In absolute dollars, our public R&D spending will always be modest compared to the sums deployed by much larger economies. We cannot outspend them. Instead, our investments must be disciplined, focussed, and strategic — directed at areas where Singapore has clear strengths, and where our efforts can make a real difference.

37. There is potential in emerging areas like decarbonisation solutions and quantum technology. In quantum, we made an early and deliberate bet. In 2007, we established the Centre for Quantum Technologies at NUS. Much of quantum research was still theoretical then. But we invested patiently in building foundational capabilities, believing that these would one day translate into transformative applications.

38. That foresight is paying off. Today, quantum computing is moving rapidly from theory to reality, with far-reaching implications across many fields. The major technology players are investing heavily in capabilities to build commercial-scale quantum computers. And Singapore is attracting some of the best. Quantinuum, one of the world's leading quantum companies, has established operations here and will be hosting its latest quantum computer in Singapore — making us the first country outside the US to host this system. This will give our researchers and companies, including a few home-grown startups, direct access to cutting-edge quantum compute and opportunities to work on meaningful projects.

39. We are also attracting top global talent and partnerships. Nobel Laureate Professor John Martinis, a pioneer in superconducting systems, co-founded a quantum computing startup, which is collaborating with our researchers at A\*STAR and NUS. They are developing novel components to advance the performance of quantum computers, using state-of-the-art semiconductor processes. They chose Singapore because of the unique combination of our strengths — in advanced manufacturing, semiconductors, and frontier quantum research.

40. These examples show how we can build leadership in key growth areas, and shape where innovation and value creation take place. In doing so, we strengthen Singapore's strategic resilience and relevance, while creating more good jobs and better opportunities for Singaporeans.

### **Strengthening Our Enterprise Ecosystem**

41. Third, we will strengthen our enterprise ecosystem.

42. Enterprise funding is a key part of this ecosystem. Over many years, we have worked steadily to strengthen this area. In venture and seed funding, we have made good progress. Compared to a decade ago, it is now much easier for startups to access early-stage capital.

43. However, many firms continue to face challenges at the growth stage. This is not unique to Singapore. Globally, growth-stage capital has tightened. As a result, many firms, especially in deep tech, find it harder to raise the larger and longer-term funding needed to scale.

44. We will therefore do more to catalyse growth capital in Singapore. Under the Startup SG Equity scheme, the Government provides initial capital to catalyse and crowd in private funding for promising startups. To date, the scheme has focussed mainly on early-stage funding. We will now go further. **I will set aside \$1 billion to enhance Startup SG Equity, and expand its scope to cover growth-stage companies.**

45. Beyond this, we will take a more systemic approach to strengthening our growth capital ecosystem. We will convene a new workgroup led by Minister Chee Hong Tat, working closely with industry, to develop strategies to position Singapore as a leading centre for growth capital.

46. When enterprises are ready to list, we want them to see Singapore as their listing venue of choice. We had earlier set up the Anchor Fund to attract and anchor high-quality public listings, and we are now seeing encouraging signs of renewed listing activity on the SGX. **I will therefore launch a second \$1.5 billion tranche of the Anchor Fund. As with the first tranche, this will be a co-investment between the Government and Temasek.**

47. We will also continue to strengthen our broader equities market. Last year, MAS launched the Equity Market Development Programme, to develop our fund management industry and increase investor participation in Singapore equities. Industry response has been encouraging. MAS has allocated close to \$4 billion to nine asset managers. To build on this momentum, I will **expand the programme, with a \$1.5 billion top-up to the Financial Sector Development Fund.**

48. At the same time, we are implementing the other recommendations of the Equities Market Review Group. This includes streamlining listing rules and requirements to make it easier for high-growth companies to go public, and establishing a dual-listing bridge connecting the SGX and Nasdaq. These measures will enhance the depth and vibrancy of our public equities market and provide more pathways for enterprises to grow and scale from Singapore.

49. Deep and vibrant markets are one part of the equation. We must also ensure a strong pipeline of high-quality companies that choose to build, grow, and anchor themselves in Singapore. Some will be locally grown enterprises. Others will be promising enterprises from abroad.

50. EDB has traditionally focussed its investment promotion efforts on multi-national enterprises. Going forward, it will step up efforts to attract high-growth companies with the potential to become future industry leaders. By anchoring such companies early, we can build new engines of growth and capture greater value for our economy as they grow and expand from Singapore.

51. This comprehensive approach — from nurturing homegrown startups, to catalysing private capital and attracting promising global companies — will strengthen our enterprise ecosystem. It will enable companies of all sizes, and at every stage of growth, to access the capital and partnerships they need to succeed. Importantly, this will create more opportunities for Singaporeans to secure good jobs and grow their careers.

## **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 among 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 we are only beginning to understand.

54. But with this promise come 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. 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. 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. 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 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. 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 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 is demanding. It requires organising data, rebuilding systems, redesigning processes and jobs, and retraining workers. Even major global companies are grappling with this. 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. We will **launch a new Champions of AI programme to support firms with the ambition to use AI to comprehensively transform their businesses**. 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. 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.
  
- 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 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 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 disrupted, we will manage the transitions carefully, and work closely with NTUC and our unions to help workers move into new opportunities.

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

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 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 professionals, and progressively extend this 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 with the right guidance and prompts, these tools can do much 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. We will therefore **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 application. 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. Mr Speaker, 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.

## **D. Build a Resilient and Skilled Workforce**

82. Singaporeans, and especially our workers, are at the centre of everything we do. Ultimately, what matters is not just the policies we announce, but the outcomes they deliver in people's lives. That is why we track results carefully and assess whether our efforts are making a real difference. Earlier this week, MOF released an Occasional Paper on income growth, inequality, and social mobility trends. It shows that over the past decade, we have made good progress — with broad-based wage increases, and smaller income gaps.

83. These improvements did not happen by chance. Left entirely to market forces, they would not have occurred on their own. Indeed, in many advanced economies, as growth slows, inequality becomes more entrenched.

84. Singapore faces these same underlying pressures. That is why the Government has and will continue to lean against these trends, and strive to ensure that the fruits of growth are shared widely and fairly. Every Singaporean, regardless of where they start in life, should have a fair chance to pursue their aspirations and realise their full potential.

## **Uplifting Lower-Wage Workers**

85. In this Budget, we will continue to strengthen support for lower-wage workers.

86. The Local Qualifying Salary or LQS sets the minimum salary that local employees must be paid in firms that hire foreign workers. We will **raise the LQS for full-time local employees from \$1,600 to \$1,800 this year.**

87. To help businesses defray some of the cost, we will enhance the Progressive Wage Credit Scheme (or PWCS). We will **raise the PWCS co-funding support for this year, from 20% to 30%.**

88. **We will also extend the PWCS for two more years, to 2028.** From next year, **we will raise the minimum wage increase to qualify for PWCS support from \$100 to \$200.** This will better encourage and reward the firms that invest in their workers.

89. These measures build on the Progressive Wage Model (or PWM), which we have developed together with our tripartite partners. The PWM goes beyond a simple flat minimum wage and instead links pay increases to skills, productivity, and career progression — and it is delivering results.

90. We will also continue to strengthen training support for the PWM. Last year, I announced additional support under the Workfare Skills Support for workers who take up long-form training courses. We will go further to **enhance the basic tier of the scheme, and increase the hourly allowance for workers who upgrade their skills.**

### **Taking SkillsFuture Forward**

91. We will also do more to support lifelong learning for all Singaporeans through SkillsFuture.

92. When we first started SkillsFuture more than a decade ago, the training landscape looked very different. At that time, our IHLs were still largely focussed on pre-employment training. But we knew this was no longer sufficient. That was why we set up SkillsFuture Singapore in 2016 under MOE — to embed lifelong learning within our education system.

93. Today, we have achieved this objective. Working adults at all stages of their careers can access a wide range of high-quality training options across our IHLs.

- a. All our autonomous universities, polytechnics, and ITE have internalised lifelong learning as part of their mission.
- b. For example, NUS and NTU — our two largest universities — have made lifelong learning an integral part of how they organise their teaching and learning. They offer flexible pathways for alumni and adult learners to take modular courses, earn stackable credits, and progressively build these into recognised qualifications.
- c. Singaporeans, too, are increasingly embracing lifelong learning. Last year, more than 600,000 individuals took up training with SkillsFuture support, offered by IHLs and private training providers.

94. While SkillsFuture Singapore under MOE focussed on skills training, we also had Workforce Singapore under MOM to engage employers and help jobseekers find jobs. Over the years, we have worked to strengthen coordination between these two agencies.

95. But in an era of faster technological change and more frequent job transitions, stronger alignment is needed, and our systems must work more seamlessly together. Hence the ESR committee recommended that the Government review how we organise jobs and skills support.

96. We have carefully considered this recommendation, and will take a decisive step forward. **We will merge SkillsFuture Singapore and Workforce Singapore into a new statutory board jointly overseen by MOM and MOE.**

97. This new agency will be a one-stop shop for skills training, career guidance, and job matching services.

- a. For workers and jobseekers, that means support will be more seamless — from career planning, to skills acquisitions, and job matching and transitions.
- b. For employers, the support will be more integrated, covering workforce planning, job redesign, hiring, and workforce development.

98. The Minister for Education and the Minister for Manpower will share more at the Committee of Supply.

99. This is more than an organisational change. It strengthens our system of lifelong learning and career support, so Singaporeans can continue to adapt, grow and realise their full potential. In a world where change is constant, we must remain a society that never stops learning — and never stops striving to do better.

### **Strengthening Assurance for Mid-Career Workers and Seniors**

100. We are also strengthening support for specific segments of our workforce.

- a. In 2024, we launched the SkillsFuture Level-Up Programme to help mid-career workers undergo a skills reboot.
- b. The take-up has been encouraging. Over 60,000 Singaporeans aged 40 and above have already benefitted from substantial training courses.

101. Mr Jeffrey Loh is one of the many adult learners who has benefitted from the programme.

- a. After 18 years as an air steward, Jeffrey was keen to reskill and pursue new opportunities aligned to his interests.
  - b. He enrolled in a Digital Product Management course at the Singapore Institute of Technology. Most of his course fees were offset by SkillsFuture subsidies and credits.
  - c. He also received the Mid-Career Training Allowance during the three-month course, which helped support his daily expenses while he trained.
  - d. Now, Jeffrey is doing well in a new role as a Duty Terminal Manager with Changi Airport Group.
102. We will continue to enhance the Level-Up programme.
- a. From next month, the Mid-Career Training Allowance will be extended to those who take up part-time training.
  - b. We will also expand coverage to include more industry-relevant courses.

103. Another important group is our senior workers.

104. We will support our seniors so that they can continue to contribute meaningfully. This includes helping them plan ahead for their later-stage careers and supporting them in refreshing their skills. We will also equip employers to design age-friendly jobs and multi-generational workplaces.

105. MOM has convened a Tripartite Workgroup on Senior Employment to study these issues. Their recommendations will be released later this year. In the meantime, we will **extend the Senior Employment Credit to end-2027**, to support employers who continue to employ senior workers.

### **Updating Foreign Worker Policies**

106. As we create better jobs and upskill Singaporeans, we must also remain open to global skills and talent. Foreign professionals and workers strengthen our teams, transfer knowledge, and enable companies to grow. This in turn creates more and better opportunities for Singaporeans.

107. At the same time, we will continue to ensure that our foreign workforce complements a strong Singaporean core. In line with this approach, we will refine and update our foreign workforce policies to reflect evolving economic conditions.

108. We will **raise the Employment Pass (or EP) minimum qualifying salary for new applicants from \$5,600 to \$6,000 from January 2027**. This maintains the quality of the EP holders, as local wages rise. For the financial services sector, which has higher salary norms, we will raise the minimum qualifying salary from \$6,200 to \$6,600. The qualifying salaries for older EP applicants will be raised in tandem. For renewal applications, these changes will apply a year later in 2028, to give businesses more time to adjust.

109. Similarly, we will **raise the qualifying salaries for S Pass holders. From January 2027, the minimum qualifying salary for new S Pass applicants will be raised from \$3,300 to \$3,600**. For the financial services sector, this will be raised from \$3,800 to \$4,000. Qualifying salaries for older S Pass applicants will be raised in tandem, with renewal applications affected one year later, from 2028.

110. We will also adjust Work Permit levies.

- a. For the Marine and Process sectors, **levies for basic-skilled workers will be raised by \$100 and \$150, respectively.**
- b. For the Manufacturing and Services sectors, we will **simplify the current tiered levy structure.** The details are in the Annex to the Budget.
- c. To give businesses time to adjust, these changes will take effect from 2028.

111. The Minister for Manpower will share more at the Committee of Supply.

112. The wide range of workforce measures I've outlined reflects our overall approach: to stay open to skills and expertise that strengthen our economy, while ensuring that Singaporeans remain firmly at the centre of our workforce and our policies. We will help Singaporeans adapt to change with confidence, move across career transitions with assurance, and build meaningful and fulfilling careers.

## **E. Give Families More Support and Greater Assurance**

113. Families are the bedrock of society and the first line of support for every individual. Through Forward Singapore, we have made significant moves in recent years to support Singaporeans and their families — from parents, to seniors, caregivers, and persons with disabilities. We have also ramped up the supply of HDB flats to ensure that public housing remains accessible and affordable for couples and families.

114. In this Budget, we will make further moves to give families more support and greater assurance.

### **Supporting Families and Investing in Our Children**

115. Many young couples hope to become parents. We want to create the right conditions, so they feel confident and ready to start a family. The decision to get married and have children is deeply personal. But for those who wish to take this step, the Government will do more to support them along the way.

116. One of the biggest concerns for young couples is the cost of raising a family. Over successive Budgets, we have strengthened support to help parents manage these expenses.

- a. We introduced the Large Families Scheme to support families who have, or aspire to have, three or more children. For every third or subsequent child, the scheme will provide up to \$16,000 in additional benefits.
- b. At last year's Budget, we announced \$500 in Child LifeSG Credits for each Singaporean child aged 12 and below, to help parents defray their day-to-day household expenses.
- c. This year, we will **provide another \$500 in Child LifeSG Credits to families for each Singaporean child aged 12 and below.**

117. We will continue to keep preschool and student care affordable, to support the critical early years of a child's development.

- a. Over the years, we have reduced preschool fee caps and increased subsidies.
- b. Today, childcare fees for dual-income families are comparable to primary school and after-school student care fees.

- c. Lower- and middle-income families also receive means-tested subsidies, which further reduce out-of-pocket expenses.

118. We will enhance these further so that more families can benefit.

- a. From the start of next year, we will extend means-tested preschool subsidies to more families, by **raising the monthly household income threshold to \$15,000**. This will benefit more than 60,000 families.
- b. Eligible parents, including those who previously qualified, can also receive more in infant care and childcare subsidies.

119. We will also strengthen support for student care.

- a. We will **raise the monthly household income threshold for Student Care Fee Assistance to \$6,500**, so that more families can qualify.

- b. Beyond this enhancement, we are undertaking a holistic review of the student care sector, to study how to better meet the caregiving needs of families with primary school-aged children.

## **Empowering Families with Greater Needs**

120. We will continue to help lower-income families, especially those with young children, move towards greater stability, self-reliance, and social mobility.

121. We take a family-centric approach to support such families. Under ComLink+, each family is paired with a dedicated family coach, who works with them to develop personalised action plans and to coordinate support.

122. To recognise and reinforce the families' own efforts, we introduced Progress Packages. These are more than financial assistance; they are a form of social contract where family coaches work with the families to set clear goals — such as securing a stable job, saving towards a home, or ensuring their children enrol in and attend preschool regularly. When these milestones are achieved, the families receive additional payouts.

123. Take Mdm Hurul and Mr Hafiz for example.

- a. They had taken important steps on their own to stabilise their finances. What they needed was sustained guidance and support to keep moving forward.
- b. With support from their family coach, and through their own hard work, they have made good progress over the past year.
- c. Through the Progress Packages, their financial circumstances have improved, and they are now closer to securing their own 4-room HDB flat.

124. ComLink+ is built around close and sustained support for families. It relies on dedicated family coaches, case workers from Family Service Centres, and volunteer befrienders who work directly with families to help them make steady progress.

125. Over time, we have strengthened our capabilities on the ground. We are now ready to enhance the ComLink+ Progress Packages.

- a. First, we will **provide a new payout of \$500 per quarter for all ComLink+ families who make a commitment to work with family coaches** and take active steps to make progress.
- b. Second, we will **enhance the additional payouts that families receive** when they make concrete progress in their goals of maintaining stable employment and good preschool attendance for their children.
- c. Third, we will **provide more of these payouts in cash, while continuing to set aside monies in their CPF accounts.** This will help families meet immediate needs, while also building their longer-term financial security.
- d. With these enhancements, a **family with two children under ComLink+ can receive around \$10,000 per year in cash and CPF top-ups,** while their children are in preschool.

126. The Minister for Social and Family Development will provide more details at the Committee of Supply.

127. We will also do more for persons with disabilities, as well as their families and caregivers. Minister of State Goh Pei Ming is leading a taskforce to review how we can provide more meaningful support at different life stages for persons with disabilities and their families. This includes expanding capacity in community-based facilities, keeping services affordable, and supporting graduates of special education schools to secure meaningful employment and live well in the community.

128. We look forward to the recommendations of the taskforce. Strengthening support for persons with disabilities is a key priority and a shared responsibility for all of us. The Government stands ready to set aside additional resources to advance these efforts.

### **Enabling Seniors to Age Well**

129. As our population ages, we will also provide more support for our seniors — so they can age with dignity, security and peace of mind.

130. We recently enhanced CareShield Life to offer higher payouts, giving seniors greater assurance against long-term care costs. We also increased CareShield Life premium subsidies, to help cushion the impact of the higher premiums. **I will top up the Long-Term Care Support Fund by \$400 million to fund the additional subsidies.**

131. With longer lifespans, retirement adequacy is another major concern for many Singaporeans.

132. Our aim is clear: Singaporeans who work and contribute to CPF consistently should be able to meet their basic retirement needs with confidence.

133. Over the years, we have enhanced the CPF system to achieve this. We introduced Silver Support to uplift seniors with less means, and the Majulah Package to give additional assurance to our “Young Seniors” as they approach retirement.

134. In this Budget, we will take further steps to strengthen retirement support.

135. First, we will **provide a CPF top-up of up to \$1,500 for Singaporeans aged 50 and above, and with CPF retirement savings below the Basic Retirement Sum.** Those with lower balances will receive larger top-ups, so that support is targeted at where it is most needed.

136. Second, we will **proceed with the next step of planned CPF contribution rate increases for senior workers in 2027.** This will help older workers build up their retirement savings in their later working years. The Government will also continue to **provide the CPF Transition Offset to employers, covering half of the increase in employer contributions for 2027.**

137. Third, we will **offer more investment options for CPF members who wish to grow their savings further.**

- a. Today, the CPF system provides stable, risk-free interest rates to help Singaporeans build up their retirement nest egg.
- b. With the extra interest that CPF offers, CPF members can earn up to 6% per annum, risk-free, on their CPF balances.

138. Some CPF members, especially those with a longer runway to retirement, are prepared to take more risk to generate potentially higher returns.

- a. But experience shows that most people do not do well picking and trading individual stocks. It is very hard to beat the market consistently.
- b. For retail investors, a more sensible approach is broad and diversified exposure through low-cost funds. Even then, risks remain. Some may invest when markets are high, and retire during a downturn — precisely when they need their savings most.
- c. That is why the CPF Advisory Panel earlier recommended introducing a Lifetime Retirement Investment Scheme. This is essentially a life-cycle investment approach, with a predefined glide path to retirement. In other words, members take on more risk, with greater exposure to equities, when they are younger; and their investments are automatically rebalanced towards safer assets as they approach retirement.

139. We studied this recommendation carefully. Currently, such life-cycle investment products are available in the market, but they have traditionally come with high fees. Rather than leave this entirely to the market, the Government will help shape and develop such products under a new scheme for CPF members.

- a. Later this year, CPF Board will engage the industry, and invite expressions of interest from potential providers.
- b. A key requirement will be that fees are kept low. We will select two to three credible providers to keep choices simple for members.
- c. The Government will also be prepared, in-principle, to provide some time-limited support to kick-start the scheme.
- d. Participation in the new investment scheme will be voluntary. CPF members can choose whether to opt in.

- e. At the same time, we will strengthen efforts to help members understand whether this option is suitable for them — in particular, for members who are younger and have a long runway to retirement, and can better ride out short-term market fluctuations.

140. I've set out the broad framework today. There are still many details to work out, and MOM and CPF Board will share more when ready.

### **Supporting All Singaporeans**

141. The Government will continue to do whatever is necessary to help Singaporeans manage cost pressures — for as long as it is needed.

142. Although inflation has eased in recent years, we know that many Singaporeans still face anxieties and pressures. So we will continue to provide additional support this year.

- a. First, I will **provide a Cost-of-Living Special Payment, comprising \$200 to \$400 in cash**, to Singaporean adults earning up to \$100,000 in Assessable Income and who do not own more than one property.

- b. Second, there will be **additional U-Save rebates to help households with their utilities expenses**. Eligible HDB households will receive 1.5 times the regular amount of U-Save rebates, or up to \$570 this financial year.
- c. Third, I will **provide another \$500 in CDC Vouchers for all Singaporean households in January 2027**.
- d. Similar to previous rounds of CDC Vouchers, half can be used at participating supermarkets, while the other half can be used at participating heartland merchants and hawkers.

143. Mr Speaker, we will continue to review and enhance our social support system — across education, housing, healthcare, and retirement, and for different groups, be it families, parents, seniors, persons with disabilities, or caregivers. We will keep working at this, steadily and responsibly, so that Singapore remains an inclusive and united society, and a place that we can all call home with confidence and pride.

## **F. Protect Our Security and Sustainability**

144. Next, let me touch on security challenges and concerns.

### **Strengthening Defence and Cybersecurity Capabilities**

145. The world has never been free of conflict. But in recent years, it has become more dangerous. In 2024 alone, there were 61 state-based armed conflicts worldwide — the highest number recorded since the Second World War.

146. These conflicts are not confined to distant regions. Closer to home, we witnessed one of the most serious armed clashes involving ASEAN member states in years. A longstanding border dispute between Thailand and Cambodia escalated into an open military confrontation — drones, rocket launchers, and even fighter jets were deployed. Civilians were wounded, displaced, and lives were lost.

147. These developments are deeply troubling. They reflect a shrinking space for negotiation, a greater willingness to use force, and a higher risk of miscalculation — with consequences that can easily spill across borders.

148. History has taught us a hard lesson: no one will come to our rescue if Singapore faces a crisis. We alone are responsible for our defence and survival. This is why we must stay vigilant and be prepared for a wider range of security challenges.

149. Since independence, we have invested steadily to safeguard Singapore's peace and security. This has allowed us to adopt new technologies, and build credible and strong capabilities in both the SAF and the Home Team.

150. Recent conflicts have also underscored how the nature of warfare is changing. Unmanned aerial systems are now a common feature of modern conflict. They are used not only for surveillance, but also for precision strikes, electronic warfare, and coordinated operations. Drones are cheaper, more accessible, and increasingly sophisticated — allowing even smaller actors to project force in new ways.

151. We will study these developments carefully and invest decisively in capabilities that are essential to Singapore's defence. This includes strengthening our ability to deploy, counter, and operate alongside unmanned systems across all domains.

152. Beyond the physical battlefield, the digital domain has emerged as an increasingly contested arena.

153. We are seeing a sharp rise in attacks by both state-sponsored and non-state actors in cyberspace. These range from scams targeting individuals, to highly sophisticated attacks on critical information systems.

154. Singapore is an attractive target. We have faced attacks from malicious cyber actors, including hostile information campaigns and deliberate attempts to undermine our national security.

155. Over the years, we have strengthened our defences. We established the Cyber Security Agency; built expertise within the Home Team Science and Technology Agency; and stood up the Digital and Intelligence Service in the SAF. These efforts have enabled us to detect, disrupt, and fend off many attacks. But the threat landscape continues to evolve — with attacks becoming more frequent, more coordinated, and more sophisticated.

156. We will therefore continue to strengthen our cybersecurity posture — by deepening capabilities, improving coordination across agencies, and better safeguarding our most critical systems.

157. It is also no longer sufficient to defend government systems alone. Many private sector companies play a critical role in delivering essential services, and their systems are likewise vulnerable. Attackers often exploit smaller or less-protected companies as weak links to gain access to larger systems, and cause widespread disruption. Yet many companies lack the resources or expertise to deal with advanced cyber threats.

158. We will therefore deepen partnerships with industry, especially owners of critical information infrastructure, to improve our preparedness and strengthen our collective cyber defence.

159. All this underscores the importance of sustained investment in our security. For now, we expect to keep defence spending at around 3% of GDP. But we are prepared to spend more if the need arises. Importantly, our security effort goes beyond MINDEF alone. It also includes investments in the security of our critical infrastructure and in the Home Team. **Taken together, we expect overall security-related expenditures to rise in the coming years — to keep Singapore safe and secure in a far more complex threat environment.**

## **Charting a Sustainable Future**

160. Beyond immediate security threats, we must also confront a longer-term challenge to Singapore — the growing impact of climate change.

161. We are already feeling its effects — higher temperatures, heavier rainfall, and more frequent extreme weather events.

162. Unfortunately, global momentum on climate action has slowed. At the 30th Conference of the Parties in Brazil last November, countries were unable to agree on concrete decarbonisation roadmaps. At around the same time, the International Maritime Organisation delayed adoption of its Net Zero framework, as member states could not reach consensus.

163. Some governments are scaling back their climate ambitions. But for Singapore, retreating from action is not an option. We will continue to do our part — not only to address climate risks, but also to secure our long-term resilience and competitiveness.

164. A key pillar of our climate strategy is the carbon tax. It sends a clear price signal to encourage emissions reduction. This is already having an impact. Firms are investing more in low-carbon solutions, and improving energy efficiency.

165. We had earlier announced our carbon tax trajectory for this decade. The tax has just been raised to \$45 per tonne for this year and next, and the plan is to reach \$50 to \$80 per tonne by 2030.

166. For HDB households, the additional U-Save rebates that I highlighted earlier will help to cushion the impact of the carbon tax.

167. For businesses, we will **extend the Energy Efficiency Grant** and **support for green loans under the Enterprise Financing Scheme**. These will help firms invest in energy-efficient and sustainable solutions.

168. While Singapore will continue to contribute responsibly to climate action, we recognise that our actions alone cannot determine global outcomes. We will therefore calibrate our moves cautiously — doing our part to reduce emissions as a global citizen, while taking into account what other countries are doing, in order not to put ourselves at a competitive disadvantage.

169. Beyond 2027, we are assessing Singapore's carbon tax trajectory carefully, in light of international developments.

Singapore already has the highest carbon tax rate in the whole of Asia. If global climate momentum continues to weaken, we may need to position ourselves towards the lower end of the \$50 to \$80 per tonne range by 2030.

170. Looking further ahead, our path to net zero will depend heavily on technological breakthroughs and sustained international cooperation. Without these, it will be increasingly difficult for a small, resource-constrained country like Singapore to move further on our own. The progress of our transition to net zero may therefore be uneven. But our efforts will be credible, forward-looking, and aligned with global realities.

171. Even amidst these uncertainties, we are making concrete progress. On clean energy, our sustained push to expand solar deployment is delivering results.

- a. We have reached our 2030 solar deployment target of 2 gigawatt-peak ahead of schedule.

- b. We will therefore raise the target to 3 gigawatt-peak by 2030. Beyond that, we will continue to maximise solar deployment across all viable surfaces, and progressively set more ambitious targets further into the future.

172. We are also advancing plans to import low-carbon electricity from the region. They are at various stages of development. While not all will materialise, those that do will help to reduce our carbon footprint and strengthen our energy resilience.

173. Importantly, we are actively pursuing possibilities to further diversify our energy mix, be it through hydrogen, geothermal energy, or civilian nuclear power. We are building up capabilities in nuclear energy to be able to assess its safety and viability for Singapore. We have initiated cooperation with the US and France, and are discussing similar arrangements with other partners like South Korea.

174. In transport, we remain committed to achieving 100% cleaner energy vehicles by 2040. Incentives are in place to encourage early adoption of electric vehicles, and charging infrastructure is being expanded nationwide.

175. We are also greening our aviation and maritime sectors.

- a. In aviation, we are supporting demand for sustainable aviation fuel, with a target of 1% sustainable fuel use for flights departing Singapore this year.
- b. In shipping, we are partnering industry to develop a low-carbon ammonia bunkering solution on Jurong Island. If successful, Singapore will be among the first countries in the world to supply ammonia commercially as a fuel for international shipping.

176. Mr Speaker, the years ahead will be beset by uncertainties — from geopolitical tensions to cyber threats and climate risks. We will face these challenges squarely, and overcome them one by one. This is how we will move forward — steadily and decisively, to build a safer and more sustainable home for generations to come.

## **G. Renew and Strengthen Our Singapore Spirit**

177. Singapore's greatest strength lies not just in our policies and plans, but in the spirit of our people. Time and again, we have defied the odds — not by chance, but by standing together as one people, especially in our most testing moments, whether it be Separation or financial crises or the current geopolitical uncertainties.

178. Around the world, we see growing polarisation and a tendency for groups to turn on each other. Many societies are becoming more divided and more ungovernable.

179. We cannot let this happen in Singapore. Therefore, in this Budget, we will continue to invest in renewing and strengthening the bonds that bind us.

### **Forging Our Shared Bonds**

180. Our shared bonds are strong today. But they were not formed overnight, nor by chance. They were built patiently and deliberately, generation after generation.

181. Our arts and heritage play a vital role in this journey. They help us understand where we came from, express who we are today, and imagine who we can become as a people.

182. Multiculturalism is a defining part of our identity. We cherish and embrace our distinct cultural traditions and heritage, even as we continue to build common ground and a shared identity that unites us as Singaporeans.

183. Our cultural and heritage institutions embody this approach — celebrating the richness of each community, while expressing our distinctive Singaporean identity. We will continue to strengthen these institutions.

- a. We will open the revamped Malay Heritage Centre later this year.
- b. We will work with the Singapore Chinese Cultural Centre to expand its reach and engagement.
- c. The Indian Heritage Centre just marked its 10<sup>th</sup> anniversary, and we will provide further support to enhance its outreach and programming.

184. Sport is another powerful force that brings Singaporeans together. Through sport, we learn resilience, teamwork, and the determination to press on even when the odds are stacked against us.

185. We will continue to roll out the Sports Facilities Master Plan, so that Singaporeans can more easily access affordable and quality sports facilities.

186. In the coming years, we will open the new Punggol Regional Sport Centre, the Toa Payoh Integrated Development, sport facilities in Farrer Park and Tengah, as well as revamped sport centres in Hougang and Queenstown. We will also expand the Dual-Use Scheme, so that Singaporeans can conveniently access sports facilities in schools.

187. We will complement these facilities with more sports programming, bringing Singaporeans of all ages and abilities together through shared participation.

## **Building a “We First” Society**

188. On the foundation of our shared bonds, we must continue to nurture a strong sense of solidarity. We see this in giving, volunteering, and everyday acts of kindness. These actions break down barriers, draw us closer, and remind us that we are all in this together. They form the foundation of a “We First” society.

189. The Government will do our part to encourage and support this.

- a. Today, we provide 250% tax deductions for qualifying donations to Institutions of a Public Character, or IPCs, and eligible institutions.
- b. **We will extend this scheme for another three years until end-2029.**

190. Beyond financial contributions, many Singaporeans give something equally valuable — their time and skills through volunteering.

191. This spirit of giving can be strengthened when companies make it easier for their employees to serve the community. MCCY and the National Council of Social Service have been working closely with professional groups and industry bodies to encourage businesses to integrate giving, volunteering, and socially responsible practices into their operations.

- a. To support these efforts, the Government earlier introduced the Corporate Volunteer Scheme, which provides 250% tax deductions when employees volunteer or are seconded to IPCs.
- b. **We will extend this Corporate Volunteer Scheme for another three years until end-2029.**

192. Singaporeans also contribute by starting ground-up initiatives to meet community needs.

193. The Government supports such efforts through the “Our Singapore Fund”. Since its introduction in 2016, the fund has supported over 800 ground-up projects, from community-building and sports, to municipal and digital readiness initiatives.

194. One example is “Little Hands, Big Hearts SG”. It is an initiative by Kaizen and Kay, aged 7 and 9, together with their parents, to involve others in monthly community service projects.

- a. Their first project focussed on fire safety awareness. They designed a poster and worked with the Nee Soon Town Council to display it at HDB lift lobbies. They also brought other children and their families to visit Yishun Fire Station, where they presented care packs and handmade gifts to the officers on duty.
- b. They have more projects in the pipeline — from a beach cleanup and support for seniors, to donating school supplies to children, and writing appreciation cards to our migrant workers.
- c. It’s a wonderful example that anyone, no matter how young, can step up to make a difference.

195. Last year alone, the Our Singapore Fund received more than 250 applications. At the same time, we have heard feedback on how the fund can be improved — including the need for larger grant amounts, longer funding horizons, and broader eligibility.

196. We will **therefore launch a new \$50 million SG Partnerships Fund to catalyse ground-up initiatives and help them build sustained capabilities and impact.** The new fund will provide differentiated tiers of funding over different time frames, including grants of up to \$1 million for larger, multi-year projects.

197. We will also continue to partner our youth and open up more avenues for them to shape Singapore's future. Youth Panels have enabled young Singaporeans to work with the Government on issues that matter to them. In the first round, 120 youths contributed across four Panels. We will launch the next round of Youth Panels later this year, enabling more youths to step forward and make a difference.

198. The Acting Minister for Culture, Community and Youth will share more details on these initiatives at the Committee of Supply.

199. Sir, our forefathers understood that Singapore's success would ultimately depend on unity — not just shared prosperity but shared responsibility. This conviction is captured in our Pledge, which begins with “we”, and affirms that we are “one united people”.

200. That sense of togetherness has carried us through uncertainty and brought us this far. If we continue to invest in one another — strengthening our bonds, looking out for those around us, and putting the common good first, we can face the future with confidence, and build a Singapore that endures and thrives for generations to come.

## **H. Fiscal Position**

201. Our prudent fiscal approach remains one of Singapore's core strengths. We manage our public finances with discipline and care — ensuring that revenues are sufficient to meet expenditures, and that every dollar is used responsibly, for the benefit of both present and future generations.

202. The changes we made in the last term of government have put Singapore on a healthy and sound fiscal footing. We have a tax and transfer system that is fair, progressive, and anchored on shared responsibility. This gives us the capability and confidence to move forward.

### **Tax Changes**

203. This year, I will adjust vehicle taxes.

- a. Currently, car buyers are taxed through the Additional Registration Fee.

- b. To encourage timely renewal of the vehicle population so that it is safer and less pollutive, we provide a Preferential Additional Registration Fee, or PARF, rebate for cars deregistered by their 10<sup>th</sup> year. This is sized as a percentage of the Additional Registration Fee paid.
- c. Electric vehicles are less pollutive than conventional petrol cars. As EVs become more common, the need to encourage early deregistration through the PARF rebate is reduced.
- d. Therefore, I will **reduce the PARF rebate by 45 percentage points**. I will also **lower the PARF rebate cap from \$60,000 to \$30,000**. This will apply to all cars registered with Certificates of Entitlement obtained from the next bidding exercise.

204. Next, to discourage the consumption of tobacco products, I will **implement a 20% increase in tobacco excise duty across all tobacco products with effect from today**.

205. The details of these tax changes are in the [Annex](#).

## **FY2025 and FY2026 Fiscal Position**

206. Let me summarise our fiscal position.

207. For Financial Year 2025, we expect higher revenues.

- a. This is partly due to the better-than-expected economic performance.
- b. Another key driver is the increase in our Corporate Income Tax collections.
- c. In FY2024, Corporate Income Tax contributed 4% of GDP — significantly higher than in past years.
- d. Based on the latest estimates, we expect Corporate Income Tax collections to increase further in FY2025.
- e. We also saw higher asset-related revenue collections such as Vehicle Quota Premiums and Stamp Duty, driven by strong demand for private vehicles and properties.

208. Therefore, I expect to end FY2025 with a surplus of \$15.1 billion, or 1.9% of GDP.

209. For FY2026, I expect a smaller surplus of \$8.5 billion, or 1% of GDP.

210. Our approach remains to keep the budget balanced over time, and across the ups and downs of the economic cycle.

### **Fiscal Outlook from FY2027**

211. Looking beyond this Budget, our public finances remain sound and resilient.

212. On the revenue side, we will proceed with the implementation of the Top-up Tax under Pillar Two of BEPS. This will raise the effective tax rate for large multinational enterprises operating in Singapore to 15%. We therefore expect higher corporate tax collections from FY2027 onwards.

213. At the same time, our spending needs will grow across multiple fronts.

- a. First, on external relations and security. We will need to invest more in expanding our overseas partnerships, and in building up deeper capabilities to keep Singapore safe and prepared for emerging threats.
  
- b. Second, on the economic front. Even with the BEPS initiative, many other countries are rolling out generous incentives to re-shore and on-shore investments. This is the reality of today's competitive landscape. To remain attractive and stay in the game, we must update and strengthen our investment promotion toolkit. That's one reason why MTI's expenditure has risen sharply in this Budget, and why it is likely to remain elevated in the years ahead.
  
- c. Third, on social needs. We had anticipated higher spending for healthcare, and provided for it through the GST rate increase. But healthcare is not the only social need we must address. We also need to strengthen assurance for families, enhance social mobility, and boost retirement adequacy — so that Singaporeans can face each stage of life with confidence and peace of mind.

- d. Finally, we must prepare for longer-term challenges. We have set aside resources through specific funds for major future needs, including critical infrastructure investments for our energy transition and coastal protection. In this Budget, we will make further top-ups to the relevant funds to support the development of Changi Airport, as well as our longer-term economic strategies.

214. We therefore expect both revenues and expenditures to continue rising. The Government will manage this increase carefully, ensuring that spending remains supported by revenues, and consistent with our objective of maintaining a balanced budget over the medium term.

215. Our sound public finances give us the ability to act decisively and to invest where it matters most. This puts Singapore in a very different position from many other countries, where governments are constrained by debt and deficit pressures, and forced into difficult trade-offs over what to cut.

216. In contrast, we begin this term of Government on a firm fiscal footing. We are therefore able to invest meaningfully and responsibly in policies and programmes that benefit all Singaporeans — now and in the years ahead.

## **I. Conclusion**

217. Mr Speaker, Singapore has come a long way from its humble and tumultuous beginnings.

218. I recently visited an exhibition at the National Gallery organised by the Founders' Memorial.

- a. It takes us back to Singapore in the 1950s to the 70s, and traces how our pioneers forged a shared identity amid diversity and uncertainty.
- b. One display revisits the *Aneka Ragam Ra'ayat* — or the People's Cultural Concerts — organised by the then-Ministry of Culture shortly after we attained self-government.
- c. At one of these concerts, Mr Lee Kuan Yew addressed the crowd and described Singaporeans as “not mere spectators”, but “active participants” in building a nation that belonged to all.

219. Indeed, Singapore has come so far only because generations of Singaporeans stepped forward. They took responsibility, contributed what they could, and did their part to shape our collective future.

220. That same spirit is alive today, especially amongst our youths.

221. Take for example Ayuni Nur Izyanti Md Zuraimi.

a. Ayuni discovered her passion for volunteering at 15.

Together with four friends, she started a non-profit called You(th) Can Do It — it connects youths with volunteer opportunities across different organisations via Telegram.

b. Now 19 and studying Medical Biotechnology at Temasek Polytechnic, she continues to volunteer regularly with her friends — tutoring primary school students from disadvantaged families, and cleaning the homes of senior citizens.

222. There's also Shantini D/O Subramaniam.

- a. From a young age, Shantini helped care for her brother who has cerebral palsy and relies on a motorised wheelchair. That experience instilled in her a deep commitment to serving others. At just 11, she began volunteering at the Sree Narayana Mission Nursing Home.
- b. Today, at 23 and studying nursing at NUS, Shantini leads the operations for Project Caring Hearts — a volunteer initiative that supports palliative patients through befriending programmes and community outreach.

223. Then there is Josef Tan Kai Heng.

- a. He first became active in community service while studying Electrical Engineering at ITE College West, volunteering with the Heartware Network.
- b. Two years ago, he joined a non-profit group as a volunteer to teach migrant workers digital skills. Now 19 and a Computer Engineering student at Singapore Polytechnic, he remains deeply committed to this cause — driven by his belief that migrant workers, who have contributed so much to Singapore's development, deserve opportunities to upskill and progress.

224. These stories differ in form, but they are united in spirit. They remind us that nation-building has never been the work of a few, or of one generation alone. It is the cumulative effort of ordinary Singaporeans who choose, in their own ways, to step forward and make a difference.

225. Today, this sense of shared responsibility matters more than ever. We cannot afford to be mere spectators. We must be active participants — looking out for one another, strengthening our social bonds, and contributing to a Singapore that belongs to all of us.

226. This is the conviction that underpins Budget 2026. It is a Budget to support Singaporeans today, prepare our society for tomorrow, and enable us to navigate this changed world with confidence. Together we will secure a stronger, fairer, and brighter future for all.

227. Mr Speaker, I beg to move.