A Tale of Two Cities: Singapore beating Canberra in AI Budget Imagination

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Canberra's latest budget released last night shows a distinct lack of imagination for leading the AI revolution compared with the budget vision laid put by Singapore in its 2026 budget in February.

When Singapore's Prime Minister Lawrence Wong stood before parliament in February to deliver his country's Budget 2026, he did something Australian leaders have been reluctant to do. He put artificial intelligence at the centre of his economic statement and personally committed to chairing a new National AI Council.

He announced a suite of interlocking measures: a dedicated AI park, enterprise transformation programs, universal worker upskilling, and a 400% tax deduction on business AI spending. The message was unmistakable. For Singapore, AI is not a productivity tool bolted onto other priorities. It is the top priority.

Australia's budget handed down last night tells a different story. The Albanese government committed A$70 million in AI Accelerator grants and A$105 million to develop an AI tool for fast-tracking environmental approvals related to housing. These are welcome investments. But they are merely elements in a fragmented productivity agenda. They sit alongside a track record that is difficult to defend: AI did not feature prominently in the 2025 federal budget, and Labor was almost silent on the technology in last year's election campaign.

The contrast matters because both countries occupy the same competitive landscape. In the Oxford Insights Government AI Readiness Index 2024 – a benchmark used by UNESCO and the G20 – Singapore ranked second globally while Australia ranked tenth. Singapore did not merely outscore Australia overall; it led the entire world on both the Government pillar and the Data and Infrastructure pillar, outperforming even the United States on those two dimensions.

The 2025 report changed its methodology and Singapore dropped to seventh place in world rankings, with Australia improving to ninth place. In 2025, Australia ranked 8th in AI infrastructure while Singapore sat in fourth place (behind the US, China and the UK). In this measure, the US was a clear leader (with 91.77 points compared with China on 78.36 and Australia on 70.02).

The private investment numbers in Singapore and Australia show a large gap between the two countries. Cumulative private AI investment in Australia from 2013 to 2024

totalled USD $3.99 billion. Singapore, with less than a quarter of Australia's population, attracted USD $7.27 billion over the same period – nearly twice as much. Meanwhile, AI-specific business R&D in Australia, though growing fast (up 142% between 2021-22 and 2023-24 to reach A$668 million), remains modest in absolute terms. Singapore, by contrast, has structured its government-supported AI R&D at a level that, as a share of GDP, is estimated to be 18 times larger than comparable US federal AI R&D spending.

The job market data reinforces the divergence. According to Stanford University, Singapore now leads the world in the appearance of AI qualification in job postings between 2014 and 2025, with nearly one in twenty advertised positions requiring AI skills. For Australia, the estimate over that period was one in 50.

Australia's positioning is not immutable. It has some structural advantages: a fully-integrated membership of the Five Eyes intelligence and technology alliance, deep research institutions, world-class universities, and a fast-growing AI R&D base. Its National AI Plan, released in December 2025, was a step forward.

Australia's problem is not capability. It is will – the commitment to treat AI as a strategic national priority rather than a line item in a productivity package.

Singapore's approach offers a useful template, though not a perfect one. Its advantages include a compact geography, a single tier of government, an economy built around high-value services and a government structure that makes industrial policy easier to execute. Australia cannot simply transplant Singapore's model. What it can learn is the disposition: the willingness to make hard choices about where public investment goes, to create incentives that make private capital follow, and to assign AI policy to the most senior levels of government rather than delegating it downward.

Australia is not lagging because it lacks talent or infrastructure. It simply lacks a comprehensive strategic vision of the AI transition. Singapore, a country smaller in population and size than greater Sydney, understands that in the AI economy, size of technological ambition matters far more than size. The question for Canberra's budget framers is whether they have learned that lesson yet.