

Endowed by a culture of giving

Philanthropy is in short supply in Australia – and it's costing us, writes Ben McNeil

Australian universities cannot hope to compete effectively in the international arena without a strong and expanding financial base. But is that just the responsibility of government?

Working as a researcher at Princeton a few years ago I was astonished at the level of philanthropic wealth available to both public and private institutions in the US. In one four year funding drive, Princeton raised \$1.6 billion to fund new infrastructure and scholarships.

Princeton's total endowment (funds from donations or bequests) is \$12.4 billion, with a student enrolment of only 6300. Harvard University is the behemoth of university endowments, standing in at \$28 billion. By comparison the two oldest universities in Australia, the University of Sydney and the University of Melbourne, have endowments ranging between \$200 and 400million.

With such massive amounts of disposable income, Harvard and Princeton can acquire world-class academics and sustain long-term research facilities. Nearly 70 faculty from both are nobel laureates. Princeton has just completed a \$28million building for a new department of integrative genomics, paid for by alumni stockbroker Carl C.Icahn, with another \$50million donated by alumni millionaire Peter B. Lewis to launch the scientific programs.

This sort of generosity is entrenched all over the US university sector, including public institutions. During 2003, the top 10 public institutions were donated a total of \$3.9 billion at about \$10 000 per student, while the Ivy league universities were at \$30 000 per student.

Australia is severely lagging behind. Our top 8 institutions (Go8) were donated a combined total of about \$70 million during 2002 with a student population of 250 000: about \$280 per student. This is around 36 times less than US public institutions and over 100 times less than the Ivy leagues. Overall if we normalize against GDP, the US donates about ten times more to universities (0.2% of its GDP at \$28billion) than Australia (0.02% of its GDP at \$111.5million). Why is this so?

Some argue that Australian universities are too young to have developed a spirit of giving back that is entrained within older institutions in the US. Although the Ivy league institutions are older, other US institutions such as Stanford (est. 1891) or Chicago (est. 1890) are actually 40 years younger than Sydney (1850) or Melbourne (1853), yet have accumulated \$12 billion *more* in endowment.

Others may argue that it has to do with Australia's taxation regime. According to OECD statistics it is true that Australia's proportion of taxation per GDP (36.7%) is higher than the US (31.4%). Canada however, is taxed even more than Australia (41.4%) yet donates ten times more (0.2% of GDP at \$2billion). As an example, the University of Waterloo was recently given \$35 million by the founder of Research in Motion to fund a quantum computing research centre.

The level of government incentive does not explain the discrepancy: philanthropic

donations attract a 100% tax deduction here, as they do in the US.

Perhaps the disparity comes from a cultural mindset in Australia that sees university funding as solely the government's role. The problem is that government support here is also low (1.5% of GDP) in comparison to Canada (2.5%) or the US (2.7%). Combining this with our poor rate of private giving means that Australia's universities will continue to suffer in the international arena.

With 1.34 million alumni in Australia and numerous corporations economically benefiting from university research, teaching and graduates, it would seem we have plenty of scope to change this for the better.

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