

REVENUE FROM PRIVATE SOURCES FOR AUSTRALIAN UNIVERSITIES



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Our knowledge of revenue from private sources for Australian universities is patchy. Over the last couple of years a number of reports have pulled the "Donations and Bequests" information from universities' financial statements and summed these as the total of gift income for Australian universities. Such calculations are deficient as they frequently exclude donations from trusts and foundations, donations for research, donations for capital projects, donations for scholarships, and sponsorship payments, such as sponsored chairs, room naming rights and so on.

The table and chart which follow improve on the normal reporting by incorporating non-government grants, sponsorship income and income for scholarships and prizes, and by averaging results over three years to smooth out the variations from year to year which in some cases are substantial.

Much of the current discussion about fundraising at Australian universities emphasises the different attributes of universities or groups of Universities and how unfair it is to compare new or regional or established, or technical universities' fundraising results. The presentation of income from private sources as a proportion of total revenue smooths out some of the differences. As reporting criteria improve this might be a useful indicator. Universities that increase their investment in fundraising capacity should see a real dollar increase in private income. If institutions also see private income increasing as a proportion of total income, then clearly fundraising and private support are playing a more important role than previously.

Notwithstanding the differences in accounting practices that are reflected in these figures, including some variations from state to state dictated by local reporting requirements, universities can note how they are performing relative to peer institutions, and can identify areas in which they can make improvements.

It is also possible to make general observations, such as the low rate of bequest income (even when included with the general category of donations), and infer that there was a severe underinvestment in bequest promotion in the previous decade (and perhaps there is still).

The next few weeks will see the release of 2005-06 data from the Australian Taxation Office on distributions made by Prescribed Private Funds (PPF) to various types of organisations, including higher education. From this we will know how much has been donated through these gift vehicles to universities, if this was more in this year than previously, and whether higher education is getting a greater or lesser share of total PPF distributions.

This ATO-sourced information is particularly valuable because it would not be possible to track this information from the financial statements of the recipients. One could not be sure whether these contributions appear in the annual financial statements of universities as donations, non-government grants, scholarship or prize income, or not at all.

Since the establishment of the Higher Education Endowment Fund, the Commonwealth has taken a greater interest in private support for universities, and seeking ways in which private support can be maximised. It seems feasible that the Commonwealth might seek to improve the financial reporting of University revenue from private sources by providing clearer guidelines for the reporting of private revenue in consultation with Chief Financial Officers, Development Directors, and State Governments and advisers to the sector such as Global Philanthropic, and making "Private Support" or a similar heading a separate income heading in the accounts. That some universities have only a small amount of private revenue to report is not an argument for burying these numbers in the back of the accounts.

Universities are already over-burdened with reporting to state and commonwealth agencies. Is it helpful to put universities to the trouble of achieving internal consistency and sector-wide agreement on how they account for income from private sources? If, as some hope, philanthropy, sponsorship, and grants from private sources will lift quality and increase diversity in our universities, then it might be worth the effort. Improved counting might focus institutions on the potential value of private revenue and lead to an increase in fundraising staff and activity. Improved financial reporting should also increase donors' confidence that universities value private support and manage it well. At the end of the day, this is the most compelling reason for accuracy and transparency.

Graph: Australian Higher Education: Average Private Support as a Percentage of Total Revenue 2004 - 2006

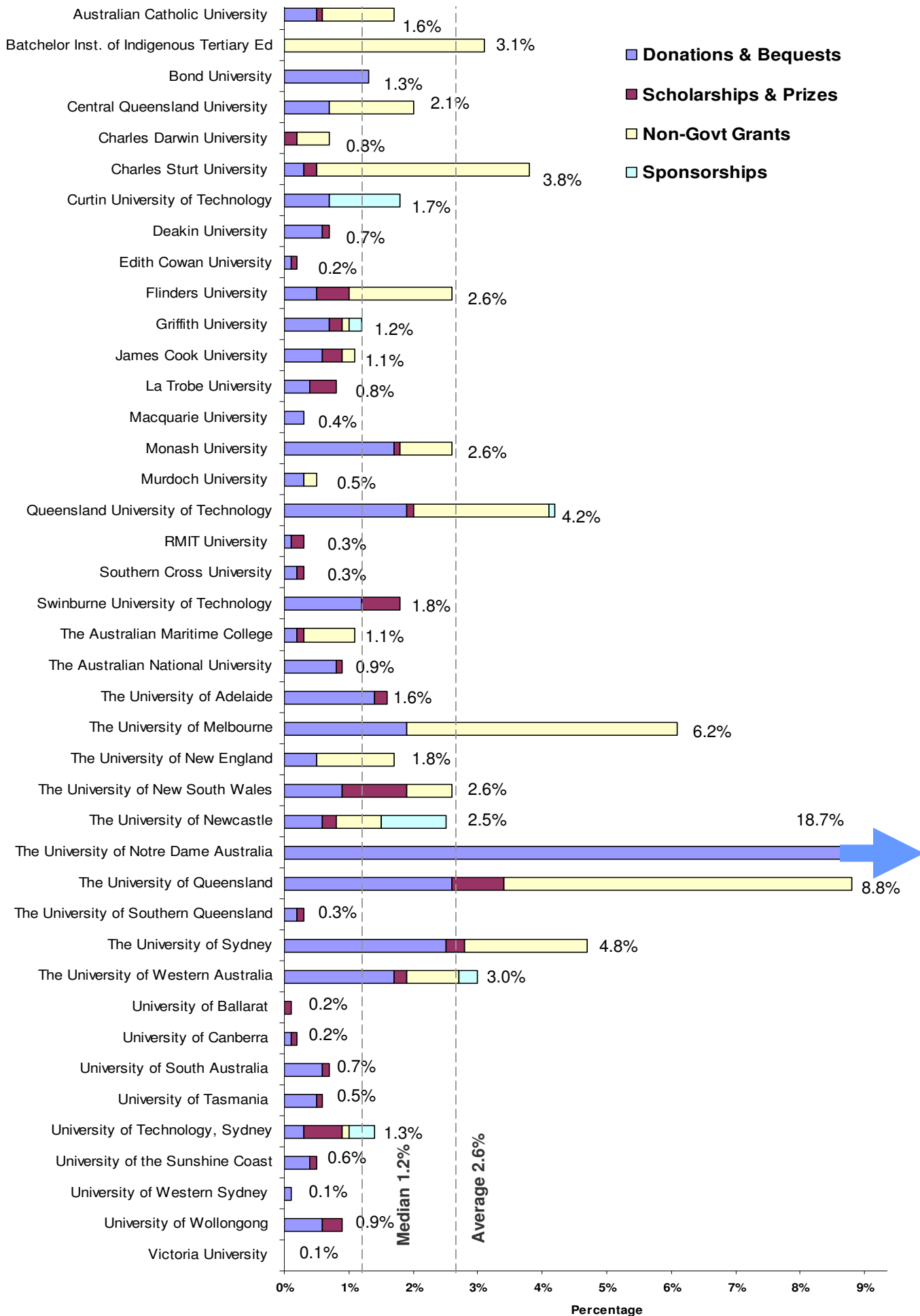


Table: Revenue from private sources for Australian Universities compared to Total Revenues Average: 2004 - 2006	Donations & Bequests (\$000)	%	Scholarships & Prizes (\$000)	%	Non-Govt Grants (\$000)	%	Sponsorships (\$000)	%	Total Private Support (\$000)	%	Total Revenues* (\$000)
Australian Catholic University	635	0.5%	72	0.1%	1358	1.1%	0	0.0%	2065	1.6%	128238
Batchelor Inst of Indigenous Tertiary Ed	8	0.0%	4	0.0%	1167	3.1%	0	0.0%	1179	3.1%	37448
Bond University	1090	1.3%	0	0.0%	0	0.0%	0	0.0%	1090	1.3%	85600
Central Queensland University	2066	0.7%	98	0.0%	3710	1.3%	0	0.0%	5874	2.1%	275791
Charles Darwin University	52	0.0%	341	0.2%	735	0.5%	0	0.0%	1128	0.8%	137085
Charles Sturt University	638	0.3%	533	0.2%	7646	3.3%	0	0.0%	8817	3.8%	235058
Curtin University of Technology	2981	0.7%	0	0.0%	0	0.0%	4921	1.1%	7901	1.7%	455911
Deakin University	2575	0.6%	371	0.1%	0	0.0%	0	0.0%	2946	0.7%	407586
Edith Cowan University	268	0.1%	202	0.1%	0	0.0%	0	0.0%	470	0.2%	257003
Flinders University	1199	0.5%	1012	0.5%	3442	1.6%	0	0.0%	5654	2.6%	218216
Griffith University	2966	0.7%	907	0.2%	218	0.1%	1058	0.2%	5149	1.2%	431691
James Cook University	1302	0.6%	751	0.3%	400	0.2%	0	0.0%	2452	1.1%	217697
La Trobe University	1519	0.4%	1345	0.4%	0	0.0%	0	0.0%	2864	0.8%	369026
Macquarie University	1157	0.3%	170	0.0%	0	0.0%	0	0.0%	1327	0.4%	369545
Monash University	16230	1.7%	963	0.1%	7363	0.8%	0	0.0%	24557	2.6%	931330
Murdoch University	499	0.3%	71	0.0%	482	0.2%	0	0.0%	1052	0.5%	198006
Queensland University of Technology	9233	1.9%	606	0.1%	9878	2.1%	372	0.1%	20089	4.2%	479672
RMIT University	613	0.1%	960	0.2%	0	0.0%	0	0.0%	1573	0.3%	517292
Southern Cross University	227	0.2%	128	0.1%	0	0.0%	0	0.0%	355	0.3%	108229
Swinburne University of Technology	3561	1.2%	1723	0.6%	0	0.0%	0	0.0%	5284	1.8%	287823
The Australian Maritime College	54	0.2%	30	0.1%	204	0.8%	0	0.0%	288	1.1%	25178
The Australian National University	6228	0.8%	606	0.1%	0	0.0%	0	0.0%	6835	0.9%	735354
The University of Adelaide	6323	1.4%	862	0.2%	0	0.0%	0	0.0%	7184	1.6%	436134
The University of Melbourne	21622	1.9%	67	0.0%	46772	4.2%	0	0.0%	68461	6.2%	1110669
The University of New England	934	0.5%	59	0.0%	2075	1.2%	0	0.0%	3068	1.8%	174271
The University of New South Wales	6925	0.9%	8071	1.0%	5346	0.7%	154	0.0%	20497	2.6%	793392
The University of Newcastle	1923	0.6%	567	0.2%	2467	0.7%	3423	1.0%	8380	2.5%	329435
The University of Notre Dame Australia	6603	15.7%	33	0.1%	1250	3.0%	0	0.0%	7885	18.7%	42162
The University of Queensland	22190	2.6%	6525	0.8%	46139	5.4%	248	0.0%	75101	8.8%	852572
The University of Southern Queensland	291	0.2%	198	0.1%	0	0.0%	0	0.0%	489	0.3%	147981
The University of Sydney	27340	2.5%	3251	0.3%	20397	1.9%	0	0.0%	50988	4.8%	1072850
The University of Western Australia	8728	1.7%	812	0.2%	4298	0.8%	1440	0.3%	15278	3.0%	515558
University of Ballarat	50	0.0%	176	0.1%	0	0.0%	0	0.0%	226	0.2%	144444
University of Canberra	154	0.1%	109	0.1%	0	0.0%	0	0.0%	263	0.2%	123668

University of South Australia	2044	0.6%	304	0.1%	0	0.0%	0	0.0%	2348	0.7%	350083
University of Tasmania	1284	0.5%	160	0.1%	0	0.0%	0	0.0%	1443	0.5%	278214
University of Technology, Sydney	952	0.3%	2253	0.6%	245	0.1%	1474	0.4%	4924	1.3%	370588
University of the Sunshine Coast	235	0.4%	52	0.1%	18	0.0%	0	0.0%	304	0.6%	53569
University of Western Sydney	291	0.1%	111	0.0%	0	0.0%	0	0.0%	402	0.1%	344772
University of Wollongong	1704	0.6%	785	0.3%	92	0.0%	0	0.0%	2580	0.9%	279405
Victoria University	67	0.0%	29	0.0%	75	0.0%	0	0.0%	171	0.1%	320020
TOTALS (rounding errors may occur)	164759	1.1%	35316	0.2%	165775	1.1%	13090	0.1%	378939	2.6%	14648569

**Total operating revenue less unpaid superannuation contributions. Figures derived from university annual reports and DEST tables.*