S’poreans are donating more

Headline: S’poreans are donating more
Source: The Sunday Times, Front Page
Date: 4 March 2012

Gifts doubled over past decade despite charity scandals and recession

Theresa Tan

Singaporeans gave more to charity over the past decade despite the global financial meltdown and high-profile charity scandals here, a new study has found.

Gifts to Institutions of a Public Character (IPCs) – which can receive tax-deductible donations – doubled from $381 million in 2001 to $776 million in 2010.

Of that sum in 2010, gifts from individual donors totalled $269 million. That worked out to be a donation of $52.95 per person to IPCs, more than double the $20.53 in 2001.

The study of data from the Commissioner of Charities was done by Associate Professor Lam Swee Sum, director of the Asia Centre for Social Entrepreneurship and Philanthropy at the National University of Singapore (NUS) Business School, and research associate Gabriel Henry Jacob.

A key finding: The fallout from the 2005 National Kidney Foundation (NKF) scandal was not as bad as many feared.

Former NKF chief T.T. Durai sued The Straits Times over a story which mentioned a gold-plated tap in his office bathroom. The ensuing court hearing uncovered details of questionable practices at the prominent charity, including his high pay and perks, all of which sparked public outrage. He and his entire board stepped down.

The Government imposed stricter rules governing charities and fund raising, but the NKF episode shocked public confidence and donations to IPCs slowed down.

Before the scandal, individual giving by the man in the street rose by an average of 26 per cent each year from 2001 to 2005. Afterwards, such giving slowed to an annual growth rate of 20 per cent in 2006 and 2007.

Still, Prof Lam said, “the drop was not as much as we had expected. I was very surprised that individual giving still grew at 20 per cent per annum, which is a very handsome figure”.

He added: “I think the Government did a very good job of managing the crisis and rebuilding confidence in charities.”

The negative news about the NKF did not dent corporate giving by companies and foundations, which accounted for 65 per cent of all giving to IPCs in 2010.

In fact, after the NKF scandal, corporate giving went up. It had been growing at an annual rate of 14 per cent from 2001 to 2005, but went up to 19 per cent in 2006 and 2007.

One reason, said Prof Lam, is that giving is driven by the bottom line. The economy was booming, so companies gave more to enjoy tax breaks. For every dollar donated to an IPC, donors now get $2.50 deducted from their taxable income.

The study also highlighted that a small group of large charities got the lion’s share of the charity pie, with universities, in particular, receiving the biggest chunk.

The NUS raised an average of $96.2 million in donations each year in its past five financial years, while the Singapore Management University collected an average of $24.3 million each year in its past three financial years.

The Nanyang Technological University has raised between $30 million and $45 million in donations annually since 2005. Last year, it received an additional $150 million pledge from the Lee Foundation to fund a new medical school.

While charities emerged relatively unscathed from the NKF saga and another prominent scandal involving Buddhist monk Shi Ming Yi who ran the Ren Ci Hospital, the global financial crisis starting in 2008 proved a blow.

From 2008 to 2010, corporate giving dropped by 3 per cent a year, whereas individual giving grew by 3 per cent a year.

“This suggests that corporate giving is muted by the global uncertainty, but individual donors are more than willing to pick up the slack,” said Prof Lam.

Explaining the generosity of individuals in tough times, Mr Alfred Tan, executive director of the Singapore Children’s Society, said: “Singaporeans feel for the poor and they feel the poor need more help during bad times, so they continue to be generous.”

theresat@sph.com.sg

More reports >> Prime Page 4