

ALTERNATE USE OF PUBLIC ASSETS: A CASE STUDY OF AIOU

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INTRODUCTION

The Allama Iqbal Open University (AIOU) was established in 1974 through an Act of the Parliament with an objective to adopt the distance learning as a tool for mass education. It was the first open university in the Asia and the second one in the world established under the theme of distance education. The philosophy of distance learning was gaining momentum at that time with the establishment of the UK Open University in 1960s. The idea of distance education was to design and offer the educational programs to those who were unable to join the existing educational institutions for variety of reasons i.e. age, disability, poverty, job nature etc. For this purpose, the AIOU had established a network of regional campuses/offices across Pakistan to provide education services to the students.

In 2018, the digitalization of AIOU was started to streamline the various operational and academic activities. Digitalization has enabled AIOU to conduct its operations in online mode from main campus Islamabad. It includes organizing online classes, online submission of assignments, online admission forms, e-course books, course assignments, fee collection and other related matters. This digitalization has decreased the functions of the regional campuses established across 42 different cities of Pakistan.

These regional centers/campuses have classrooms, seminar halls, offices, computer labs and spaces for parking, gardens etc. A large majority of these regional campuses are in the small cities across the four provinces and the GB/AJK. Since the ownership and management of these regional campuses' rests with the AIOU, the operational and maintenance expenditures are being borne by the AIOU. This case study deals with assessing the future of these regional campuses of the AIOU and devising plans for enhancing their utility by building a vibrant operational model.

RESEARCH QUESTIONS

This case study has following major research questions;

- i. What is the capacity utilization of the regional campuses of the AIOU?
- ii. What is the economic potential of the regional campuses' assets of the AIOU?
- iii. How financial inflows can be generated through the optimal use of regional assets of AIOU?

RESEARCH METHODOLOGY

This research study is based on mixed study approach using a combination of desk study and field study methods. At first step, the six regional campuses of the AIOU (Peshawar, Faisalabad, Multan, Quetta, Sukkur and Mirpur) are visited to know the extent of the under-utilized assets along with the capacity utilization as per their locality and structure. The reason for selection of these regional campuses out of around 30 regional campuses/centers of the AIOU to give a broader representation for each area/province and focusing on second their cities. At second step, the

market-based valuation of these under-utilized assets are conducted using the replacement cost methodology. Once the valuation of these assets is completed, the alternate revenue generation strategies are developed based on the local factors; population of a given area, nearby industry clusters, capacity of the regional offices and the skills deficiency. offerings, industry partnerships etc.) to optimize the use of these assets at the regional offices.

FINDINGS

Based on the field visits of regional centers of the AIOU and the discussion with the staff, management and other stakeholders, we have documented the following facilities and resources available in the buildings of regional campuses;

Nature	Peshawar	Mirpur	Multan	Sukkur	Quetta	Faisalabad
Offices	5	8	9	8	7	3
Classrooms	4	6	19	2	4	4
Multipurpose Halls	3	3	3	2	4	3
Computer Lab	1	1	2	1	1	1
Library	1	1	1	1	1	1
E-Conference Room	1	1	1	1	1	1
Guest Room	1	2	2	5	2	2
Vehicles	1	1	1	1	1	1
Seminar Room	1	1	1	1	1	1
Record Room	1	1	1	1	1	1

After a complete survey of resources and facilities at the regional campuses of the AIOU, we have conducted a market valuation of these assets which is given below;

Market Valuation of Assets at Regional Campuses

Regional Campuses	Total Area (Land + Building) (Kanal)	Market Price of Land (Rs. Million) (A)	Constructed Covered Area (Square feet)	Cost of Construction (Rs. in million)	Market Value* (Rs. in million) (B)	Total market value (A)+(B) Rs. in million
Peshawar	4	72	21,900	17.47	175.20	247.2
Mirpur	4.5	56	24,700	12.79	197	253
Faisalabad	12.7	203.2	29,800	29.44	238	441
Sukkur	8	96	23,500	202.33	255	351
Multan	10	140	32,600	92.24	260	400
Quetta	10	110	27,500	18.74	200	310

**This valuation is based on the replacement cost method that incorporates the present cost of different factors for developing a similar asset of same size. The present (2022-2023) cost of construction per square feet for similar buildings is around Rs. 8,000.*

Land valuation is based on the price of land in the vicinity of the Regional Campus in each city. The estimates for land pricing are obtained from Zameen.Com.

RECOMMENDATIONS

Based on our survey of resources and facilities at the regional campuses and discussion with the relevant stakeholders, we have developed three models for generating maximum revenues from the existing resources.

Campus Based Model

This model works on the assumption that AIOU decentralizes its academic activities to the regional centers for starting the academic activities based on local demand for different certificates, diplomas, and degrees. For this purpose, each regional campus may start BS level programs and PGD diplomas for meeting the needs of local economy and industry.

Estimated Revenues from Campus Based Model

City	Programs	Estimated Enrolment	Fees Per Semester	Total Revenues
Peshawar	5	1,000	24,000	24,000,000
Mirpur	5	1,000	30,000	30,000,000
Multan	8	1,600	32,000	51,200,000
Faisalabad	7	1,400	31,000	43,400,000
Sukkur	5	1,000	25,000	25,000,000
Quetta	6	1,200	22,000	26,400,000
Total				200,000,000

As the above working shows, the starting of academic programs in the regional campuses may generate Rs. 200 million per semester.

Rental Model

The rental model assumes that qualified private sector entities may use the extra capacity of the regional campus for their own academic activities. For rental income purposes, private schools, colleges and sub-campus of major universities may be invited to use the spare capacity of the regional campus against a fair market rent.

Estimated Revenues from Rental Model

Regional Campus	Area (Kanal)	Market Rent Per Kanal	Estimated Rent (Rs.)
Peshawar	4	120,000	5,760,000
Mirpur	4.5	50,000	2,700,000
Multan	10	110000	13,200,000
Faisalabad	12.7	85000	12,954,000
Sukkur	8	80,000	7,680,000
Quetta	10	65000	7,800,000
Total			50,094,000

Pay as You Go (PAYG) Model

This model can be suitable for guest speakers lectures, conducting entry tests, training workshops, computer-based courses, performing arts etc. by charging a specified fees.

Estimated Revenues from PAYG Model

	Class Room	Lecture Hall	Auditorium	Computer Lab	Meeting Room	Seminar Room	Total
Rate per Hour	3,000	5,000	10,000	6,000	5,000	8,000	
Peshawar	12,960,000	7,200,000	2,520,000	2,160,000	5,400,000	480,000	30,720,000
Mirpur	12,960,000	7,200,000	1,440,000	1,512,000	3,600,000	576,000	27,288,000
Multan	10,080,000	10,800,000	2,880,000	1,296,000	5,400,000	960,000	31,416,000
Faisalabad	5,760,000	10,800,000	2,160,000	1,080,000	5,400,000	864,000	26,064,000
Sukkur	8,640,000	7,200,000	1,800,000	864,000	5,400,000	480,000	24,384,000
Quetta	10,800,000	600,000	1,440,000	1,296,000	3,240,000	480,000	17,856,000

Total	61,200,000	43,800,000	12,240,000	8,208,000	28,440,000	3,840,000	186,168,000
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We have developed these estimates based on an average usage of 20 days for classes and lecture halls with 4 to 6 days for auditorium/seminar rooms/lab in a month against a pre-defined fee.

PUBLIC POLICY RELEVANCE

This research study seeks to provide a framework for determining the capacity utilization of the public sector assets, valuation of public sector assets and developing a viable financial model for the alternate use of the existing physical capital. Based on the above discussion, we can draw the following lessons for the public policy;

Ownership of Physical Infrastructure

The development of physical infrastructure for higher educational institutes should be planned by keeping in view the requirements of both public and private sector. The ownership of physical assets should be separated from the operational aspects of these institutions. There should be a central authority for retaining the ownership of govt. buildings and management. A single school building may be used as school in the morning and as a college or training center in the evening. By adopting this method, government can generate maximum revenues and ensure the optimal utilization of the assets.

Management of Physical Infrastructure

The real issue is the management of physical infrastructure of existing educational institutes in Pakistan. There is abundance of buildings for govt. schools and colleges in Pakistan and we need to develop a policy for optimizing their usage. At present, the management of physical infrastructure is skewed towards only govt. users. There is a lot of potential for offering these extra spaces to the private sector especially in the case of education where a lot of entrepreneurial talent is emerging who lacks resources to access large size class rooms and lecture halls. A separate Assets Management Unit (AMU) should be established in every city that should manage access to these physical assets to both public and private sector on market rates.

Monetization of Usage of Physical Infrastructure

There should be a monetized value for each segment of the physical infrastructure of educational institutes. For example, a classroom may have a daily rent of Rs. 1000 to enable the private sector to utilize the building as and when needed. Similarly, play ground, auditoriums, e-classrooms, lecture halls etc. may be assigned monetized rental value for generating the maximum revenues by optimally using the physical facility. Such monetization will enable the efficient management of the physical assets of educational institutes and will help both public and private sector to access the facility.

Revenue Generation Model

For each type of physical infrastructure, the govt. should develop a revenue generation model by collaborating with the private sector and the surrounding community. There exist opportunities where the private sector can utilize the building for training of employees, research and development, back-office operations, guest lectures, research labs, assessment centers, exhibitions, product display units, book shops etc. against a specified fee. Along with this, strong collaboration with the private sector in the surroundings can be built to ensure maximum facility utilization.