

Demand for higher education going backwards in Australia

Figures from multiple data sets suggest country will struggle to meet its accord target of 80 per cent tertiary participation

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Young Australians' appetite for education has plunged in recent years, raising questions about the federal government's ambitions for a more qualified populace.

An analysis of multiple data sets has uncovered a decline in school leavers' demand for higher education, particularly among young women – the primary driver of growth in Australian university enrolments since the 1980s. Just 38 per cent entered university last year, down from 52 per cent in 2017, pushing female commencement rates back to levels last seen a decade and a half ago.

Young men's demand for degrees has fallen by over 10 percentage points since peaking at 41 per cent in 2021. And the decline is unlikely to be arrested by a future influx of school leavers, with school completion rates about three percentage points below their 2017 peak.

The analysis, by the Mackenzie Research Institute, shows that stalling demand for degrees is not being offset by a reinvigoration of vocational education. The figures reveal 15 years of "steady decline" in commencement rates in publicly funded training, notwithstanding "considerable variability" – particularly during the Covid-19 pandemic – and a post-pandemic bump in young men's take-up of apprenticeships.

"Policy settings for a long time have been premised on ever increasing education levels – increasing year 12 completion and an increasing proportion of the population with qualifications," the paper says. "These policy settings are under pressure.

"There is no longer an inevitability about increasing proportions of school leavers going on to tertiary education."

The findings raise fresh doubts over the viability of the Australian Universities Accord target, backed by the federal government, for 80 per cent of working-age people to have tertiary qualifications by 2050 – up from about 64 per cent last year.

Author Tom Karmel said he was “circumspect” about declaring demand for tertiary education in free fall, because of limitations in the data. But at the very least, the figures showed that demand was not increasing.

Karmel likened education policy to the growth assumptions underpinning real estate speculation, undermined by a current downturn in property prices. “Governments...seem to have this view that education’s just got to go up and up and up,” he told Times Higher Education. “Maybe they’ve got to rethink that.

“You get all this rhetoric by different bodies saying all the jobs in the future are going to require more qualifications. We’ll have to wait and see, won’t we?”

The paper says educational demand could be stalling because of constraints in tertiary education funding or rising scepticism about the pay-off from tertiary education. “We don’t really know whether it’s demand or supply,” Karmel said. “There’s probably evidence of both.

“There’s a hell of a good return, on average, for a degree. But that’s on average. If you’re down the bottom of...the tail, you’re not getting much of a return on your [fees] and hard work.”

Artificial intelligence also makes people “nervous” about the value of degrees, Karmel speculated. “Or...maybe it’s just that as we get richer, people have more choices, and they choose to use some of their youth to go travelling and partying.”

The study is based on schooling data from the Australian Bureau of Statistics (ABS), higher education data from the Department of Education, training data from the National Centre for Vocational Education Research and the ABS’ now discontinued Survey of Education and Work. “Each of these sources has its own idiosyncrasies and limitations,” the paper says.

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