The U.S.-Australia Strategic Innovation Alliance

Higher Education in Australia Factsheet

Overview and Economic Role

Australia's higher education sector is a key pillar of the national economy and innovation ecosystem. As of 2025, the sector contributes over $24 billion to the economy annually, making it one of the top services exports for the country.[1] The industry is supported by 43 universities, including prestigious research institutions such as the University of Sydney, Australian National University (ANU), and University of Melbourne.[2] The post-pandemic rebound has seen a renewed focus on international engagement, research commercialization, and regional education expansion.

Enrollment and Demographics

As of 2025, total domestic university enrollment stands at approximately 1.64 million students, while international student numbers have rebounded to over 580,000, driven by strong demand from Asia-Pacific countries.[3] Female students now comprise 56 percent of total university enrollment, and participation among students from rural and Indigenous backgrounds is growing gradually due to government outreach programs and scholarship initiatives.[4]

Notably, New South Wales and Victoria account for over 50 percent of all higher education enrollments, driven by large metropolitan campuses in Sydney and Melbourne. Canberra, though smaller, hosts some of the highest per capita student research spending, led by ANU.[5]

Research and Innovation Output

Australia ranks in the global top 10 for academic research impact across multiple fields including climate science, biomedicine, and quantum computing.[6] In 2025, over $8.5 billion is

[1] Australian Trade and Investment Commission, International Education Snapshot, 2025.
[2] Tertiary Education Quality and Standards Agency (TEQSA), Universities List, 2025.
[3] Department of Education, Higher Education Statistics, 2025.
[4] Universities Australia, Equity and Access in Higher Education, 2025.
[5] Australian Research Council, Higher Education R&D Dashboard, 2024.
[6] Nature Index, Research Impact Rankings, 2024.

spent on higher education R&D, with nearly half of all national R&D activity occurring within universities.[7]

- Melbourne remains a biotechnology R&D leader with a thriving ecosystem around the Parkville biomedical precinct and partnerships with CSL and the University of Melbourne.
- Sydney is expanding its AI and computing research footprint through the Sydney Nanoscience Hub and collaboration with Microsoft and IBM.
- Canberra continues to lead national defense and quantum research, with ANU playing a central role in national security and quantum infrastructure projects.[8]

Despite strong output, commercialization remains a national challenge. Only 7.2 percent of university patents filed between 2020–2024 were licensed to Australian businesses, prompting policy shifts to bridge academia–industry gaps.[9]

Funding and Policy Reforms

In 2025, federal funding for higher education is projected at $13.8 billion, an increase of 3.2 percent from 2024, in line with inflation and population growth.[10] However, structural funding issues persist:

- The Job-ready Graduates Package, introduced in 2021, continues to attract criticism for its uneven impact on humanities funding and unclear links between graduate outcomes and national priorities.[11]
- The Australian Universities Accord, in implementation through 2030, is reshaping how institutions are funded, prioritizing equity, research impact, and student employability.[12]
- A new Performance-Based Research Funding Framework is being trialed in 2025 to better align university funding with commercialization metrics and innovation partnerships.

International Education

International education remains Australia's fourth-largest export. In 2025, it is expected to generate $23 billion, up from $18.9 billion in 2023.[13] Universities in Melbourne and Sydney dominate this sector, but regional campuses are also increasing their international student

[7] ABS, Research and Experimental Development, Higher Education Organisations, 2025.
[8] Australian Department of Industry, Quantum Industry Update, 2025.
[9] CSIRO, Innovation Commercialisation Survey, 2024.
[10] Australian Treasury, Federal Budget Papers, 2025.
[11] Grattan Institute, Evaluation of Job-ready Graduates, 2024.
[12] Department of Education, Universities Accord Interim Report, 2024.
[13] Austrade, International Education Revenue Data, 2025.

offerings with incentives from the federal government. Visa processing has accelerated, and new post-study work rights allow STEM graduates to remain for up to 6 years post-graduation, bolstering talent retention.[14]

Skills Alignment and Graduate Outcomes

Graduate employment outcomes are improving. As of early 2025, 81.5 percent of bachelor's degree holders are employed within six months of graduation, with STEM and healthcare graduates reporting the highest rates.[15] However, skills mismatches persist in areas such as cybersecurity, data analytics, and vocational trades. A national initiative — the Tertiary Skills Alignment Taskforce — was launched in 2024 to align curricula with emerging labor market needs.[16]

Equity and Access

Efforts to improve access to higher education for underrepresented groups are showing results. In 2025:

- 23.5 percent of university students are from low socio-economic backgrounds (up from 21.8 percent in 2022).
- Indigenous student enrollment increased by 6.4 percent year-over-year.[17]
- Regional campuses are expanding thanks to the *Regional Education Strategy*, which includes capital funding and digital infrastructure grants.[18]

[14] Department of Home Affairs, Graduate Visa Changes Summary, 2024.
[15] Graduate Outcomes Survey, National Report, 2025.
[16] Australian Government, Tertiary Skills Alignment Taskforce Launch, 2024.
[17] Department of Education, Indigenous Student Performance Snapshot, 2025.
[18] Regional Education Commissioner, Progress Report, 2025.