



**2026/2027 Pre-Budget Consultation
Submission to the House of Commons Standing Committee on Finance**

May 14, 2026

1. Background

The Canadian Psychological Association (CPA) is the national voice for the science, practice, and education of psychology in the service of the health and welfare of Canadians. With over 7,000 members, the CPA is Canada's largest national association for psychology and represents psychologists in public and private practice, university educators, and researchers, and students.

Psychologists are one of the largest group of regulated and specialized mental health providers able to diagnose and treat mental disorders, making our profession a key resource for the mental health treatment the people of Canada need. Trained extensively in research, psychologists are an expert resource for evidence-based decision-making and contributing to the country's potential and future prosperity.

2. Recommendations

At a time where the federal government is reviewing how it spends public dollars, it is critical that we invest in policies, programs, and services that can provide maximum value to the people of Canada. Knowing that there can be no health without mental health, the CPA's four recommendations pay significant health, social, and economic dividends in building a more dynamic, competitive, and prosperous society, in addition to a more integrated, responsive, and high performing mental health system.

- 1. That the federal government pass a companion piece of legislation to the *Canada Health Act* that expands access to, and public funding for, psychological services.**
- 2. That the federal government, working collaboratively with the provinces and territories, invest in health infrastructure funding to increase professional psychology training capacity within publicly funded universities and residency programs.**
- 3. That the federal government introduce a sliding scale tax credit for eligible employers to defray the costs of expanding employer health benefit coverage for psychological care.**
- 4. That the federal government accelerate delivery of the remaining \$1.28 billion in Budget 2024 Tri-Council funding, and increase Tri-Council funding by 10% annually for four years.**

Recommendation 1

That the federal government pass a companion piece of legislation to the *Canada Health Act* that expands access to, and public funding for, psychological services.

When it comes to federal funding, be it for federal programs, policies and/or services, or transferring funding to the provinces and territories, decision makers want **more** accountability. More specifically, they want to know *where* the money is going, and *what* kind of impact is it having on the lives of the people of Canada.

In the view of the CPA, federal accountability comes in, at least, two related dimensions: (1) creating a dedicated envelope of funding for mental health care services, of which the recipients of such funding report to their respective publics on how such funding is improving the mental health of Canadians; and (2) that a series of agreed-upon pan-Canadian mental health system performance indicators, with evidence-based benchmarks, be developed and released to the public on a regular basis.

The 2017 *Mental Health and Addictions Services Agreement* earmarked \$5 billion over ten years to the provinces and territories. It will end on March 31, 2027, unless renewed or renegotiated. To date, we are not aware of any publicly released analysis that tells the federal government or Canadians if we are receiving value-for-money.

Further, the recent 2023 Federal-Provincial-Territorial bi-lateral agreements (*Working Together to Improve Health Care for Canadians*) set aside \$25 billion over 10 years for four specific priorities – of which mental health and substance use health care is one – regrettably, we see that not all provinces are investing these funds to improve the mental health of Canadians.¹ In our view, this Fund is failing to meet the objective of increasing timely access to publicly funded psychological services.

Given the important role that mental health plays in supporting individuals, communities, and the country in reaching their full potential,² the CPA believes it is long overdue for the federal government to pass legislation that is complementary to the *Canada Health Act* and provides for expanded public funding to cover a broader array of mental health care services, including psychological services, via a ***Mental Health and Substance Use Health Care For All Parity Act***.³

Such a piece of legislation would avoid the constant see-saw of negotiation between the federal, provincial and territorial governments on renewing time-limited funds while providing all levels of government with a long-term, predictable funding and accountability framework they need to meet the mental health care needs of Canadians.

¹ Canadian Alliance on Mental Illness and Mental Health (CAMIMH). *Take the Money and Run? How Accountable are the Provinces and Territories in Spending Federal Funding on Mental Health & Substance Use Health Care? A Review of 2023 and 2017 Bi-Lateral Funding Agreements for Mental Health & Substance Use Health Services, 2023/24-2025/26*. The report noted that on average, the provinces were allocated only 15.9% of federal funding for mental health and substance use health care services, with 3 provinces investing no federal dollars.

² The CPA's 2025 Brief to this Committee outlines in more detail the return-on-investment (ROI) that comes from expanded access to psychological services.

³ For more details on how such a piece of legislation could be constructed, see *From Out of the Shadows and into the Light...Achieving Parity in Access to care Among Mental Health, Substance Use and Physical Health*. CAMIMH, June 2021.

Alternatively, the federal government could pursue a time-limited, issue-specific, strategically-focused fund to expand public access to mental health treatment, specifically for services not currently covered by provincial/territorial health systems – as outlined by the Mental Health Commission of Canada.⁴

⁴ Mental Health Commission of Canada. *The Time is Now – Considerations for a National Psychotherapy Program*. 2021.

Recommendation 2

That the federal government, working collaboratively with the provinces and territories, invest in health infrastructure funding increase professional psychology training capacity within publicly funded universities and residency programs.

Canada's health workforce is currently facing growing challenges in the supply of health care professionals, including psychologists. The existing and anticipated mental health needs of the public – which remain above pre-COVID prevalence rates – and the growing consensus for governments to invest and grow the number of publicly funded primary care teams suggest that Canada also increase its supply of licensed psychologists.

Currently, accredited university clinical programs in Canada train small cohorts of doctoral psychology students in a practice specialty, with annual admissions typically less than 10 students. On an annual basis, Canada admits approximately 400 doctoral psychologists to CPA-accredited programs. Note that this pace does not account for the replacement of retiring psychologists and will not have the desired effect of accelerating the number of licensed psychologists practicing in the public health care system.

In the CPA's view, it is time to re-imagine the structure in which we train and produce licensed psychologists. Professional psychology training programs based on the PsyD training model – with larger class sizes and shorter time to graduation (5 years vs. 7 years post-baccalaureate – a 30% decrease) – can be established alongside existing training programs, and would be of substantial benefit in accelerating the supply of psychologists to meet the public's increasing demand for mental health care. It is equally important that this training be accessible to diverse and equity-deserving populations, whose access to graduate psychology training may be limited by systemic factors.

While the training of health professionals is a provincial and territorial responsibility, there is an opportunity for the federal government to play a strong supportive role in increasing its capacity. The CPA is pleased to see that the federal government announced a \$5 billion *Health Infrastructure Fund* which will fund needed system infrastructure and should provide support for mental health care services. This Fund, with provincial and territorial support, would play an important role in expanding the supply of psychologists in providing better mental health care to the people of Canada.

Support for this forward-looking, innovative-based solution, would: (1) significantly accelerate the training and number of practicing psychologists in Canada; (2) support the advancement of team-based models of care; (3) increase timely access to evidence-based psychological services; and (4) improve health outcomes.

Recommendation 3

That the federal government introduce a sliding scale tax credit for eligible employers to defray the costs of expanding employer health benefit coverage for psychological care.

In Canada, access to mental health care services, such as psychological services, are provided through a combination of programs, services, and supports covered by public funding, and more significantly, through the private sector.

In the latter case, those who require mental health care either have some coverage through their employers' extended health benefit plan and/or pay out-of-pocket. Those who cannot afford to pay for private psychological care face long wait lists, may get less than optimal care, or do not get care.⁵

How much care one can get through an employers' extended health benefit plan depends on the plan itself – small and medium-sized employers have fewer degrees of financial flexibility compared to larger employers to offer robust health benefit plans and/or that include sufficient amounts for psychological care.

A large portion of employer coverage falls short of the CPA's recommendation that employers provide their employees with \$3,500-\$4,000 per year in stand-alone coverage for psychological services;⁶ an amount necessary for the average person to successfully complete a course of psychotherapy. The 2025 Benefits Canada Healthcare survey underscores the need for employers to do more in terms of supporting their employees, consider:

- The average annual maximum for mental health counselling was **\$2,583**.
- Among employers that cover mental health services, **47%** have an annual maximum of less than \$1,000, **40%** between \$1,001-\$4,000, and only **13%** exceed \$5,000.
- **11%** of employers have no coverage for mental health counselling.

Given the high level of need identified by employees for increased coverage for psychological services, combined with the low level of employer coverage for psychological services and the low uptake of health benefit coverage by small to medium-sized businesses, the recommended introduction of a sliding scale tax credit to expand employer health benefit coverage for psychological care is designed to: (1) provide a tax incentive for employers by defraying some of the cost of increasing employee coverage for psychological care; (2) accelerate employee access to care, treatment, and return-to-work; (3) support employers in retaining and attracting current/new talent; and (4) strengthen the alignment of tax policy with employee health and economic prosperity and productivity policies.

⁵ Canadian Psychological Association. *Employees, Employers & the Evidence – Making the Case for Expanding Coverage for Psychological Services in Canada*. May 2023.

⁶ *Shaping group benefits: Employer insights that are helping guide the plans of the future*. Sun Life, 2020.

Recommendation 4

That the federal government accelerate delivery of the remaining \$1.28 billion in Budget 2024 Tri-Council funding, and increase Tri-Council funding by 10% annually for four years.

Psychology is the scientific study of the mind and human behaviour and is a key discipline in the study of behavioural science. Psychology strives to:

- Describe people’s behaviours, as well as the behaviours of sub-groups, to identify normal and abnormal behaviour and gain insight into people’s thoughts and actions.
- Explain why people think and react as they do in various circumstances.
- Predict how behaviours will appear in the future and better understand why, when, and how behaviours might appear in the future.
- Change or positively influence people’s behaviours to improve their lives.

Increasingly, psychologist researchers are being asked to lead and/or contribute to these issues. Psychological research is inherently inter-disciplinary, making it particularly well-positioned to assist decision makers in understanding and addressing a range of complex issues impacting the social, mental, and physical well-being of Canadians.

The CPA applauds the suite of research-based investments in Budget 2024 and Budget 2025 to advance research excellence and attract international talent. However, concerns remain regarding persistently low and declining success rates at the Tri-Councils. Unfunded but approved research proposals represent lost opportunities for Canada.

In addition to the \$286 million increase expected for 2026-27, \$1.28 billion remains outstanding. Meanwhile, Budget 2025’s investments in research talent attraction will place additional pressure on an already oversubscribed funding ecosystem. Canadian researchers cannot wait until 2028-29 for the full implementation of Tri-Council increases, nor will these investments alone be sufficient to sustain Canada’s research competitiveness.

Therefore, the CPA recommends accelerating implementation of the remaining \$1.28 billion in Tri-Council funding and increasing Tri-Council funding by 10% annually for four years, effectively doubling budgets from 2024 levels by 2030-31.

To remain competitive in recruiting and retaining top-calibre researchers—including international researchers attracted through new federal initiatives, as well as Canadian doctoral graduates and postdoctoral scholars in whom public funds have already been invested—Canada must maintain a strong and sustainable research funding environment.