

Ottawa

Advocate slams 'outrageous' Tarion executive salaries, calls for cap

Newly released documents show Tarion CEO made \$769K in 2018

[Laura Osman](#) · CBC News · Posted: Oct 16, 2019 4:00 AM ET | Last Updated: October 16



Tarion publicly released the compensation for its executives and board of directors for the first time Tuesday. (Gregory Bull/Associated Press)

A homebuyer advocacy group is calling on the provincial government to cap salaries for Tarion executives, after the corporation revealed their compensation for the first time on Tuesday.

Tarion was created by the provincial government in 1976 to provide warranties, create rules, regulate builders and even mediate problems between buyers and developers.

It's the only new-home warranty provider in Ontario, and it's funded through a mandatory fee attached to the price of every newly built home in the province.

It's pretty outrageous. - *Karen Somerville, president of Canadians for Properly Built Homes*

Tarion has never released the compensation paid its individual executives or board of directors before because it is not considered a Crown corporation. But the provincial government ordered the salaries be made public as part of a larger move to shake up the new home warranty program earlier this year.

The newly released document shows the President and CEO of Tarion, Howard Bogach, earned \$681,616 in base salary and incentives in 2018, and an additional \$87,794 in car allowance and pension contributions.

In total, Tarion paid out more than \$4 million in executive compensation last year. The corporation also paid \$520,000 to its 16 board members, half of which typically have experience in the homebuilding industry.



Karen Somerville is the president of Canadians for Properly Built Homes. She said the impacts on families can be devastating when major construction defects are discovered after construction is finished. (CBC)

"It's pretty outrageous," said Karen Somerville, president of Canadians for Properly Built Homes (CPBH), an advocacy group for consumers of newly built homes.

"We would encourage [Consumer Services Minister Lisa] Thompson and Premier Ford to take a hard look and consider capping their salaries, as they did in the case of Hydro One."

Cap put on Hydro One CEO salary

Last year the government stepped in to cap the base salary of Hydro One's CEO at just \$500,000 — though incentives can push the salary as high as \$1.5 million.

A Tarion spokesperson said they did not have access to Bogach's base salary before incentives were added.

Somerville suggests the Progressive Conservatives consider a similar cap for Tarion executives, given that Hydro One is a much larger corporation.

"We're looking forward to seeing what the Ford Government has to say about this and how they're going to justify this," Somerville said.

- [Hydro One bends to government demands, caps CEO pay at \\$1.5M](#)
- [Homeowners forced out over construction flaws call for reform](#)

Tarion is a mandatory service, though many homeowners Somerville deals with don't see the value in what they're paying for, she said.

She questioned why Tarion only pays out a maximum of \$300,000 in settlements for confirmed defects to new homes — an amount she says sometimes doesn't cover the full cost of repairs — when the CEO is making more than double that in a year.

"Then there are all those other people who have had their claims denied," she said.

In a statement to CBC, Tarion spokesperson Melanie Kearns said the compensation structure is performance based, to attract and retain talent.

"We use market salary surveys and independent external HR compensation experts to review our board and executive compensation programs and we benchmark our compensation against Ontario's other administrative authorities as well as comparable public sector organizations," she wrote.

As for the board of directors, Tarion's website said members' compensation is reviewed every two years and, with the exception of the board and committee chairs, the board's remuneration hasn't changed since 2005.

More changes coming

The provincial government has been calling Tarion "broken," since it was elected last year.

Publishing executives salaries was just the latest of several promises Progressive Conservatives have made when it comes to reforming the home-warranty provider.

- [Real estate lawyers say new regulator will better protect buyers](#)
- [Ontario to create new home warranty regulator to crack down on conflicts of interest](#)

The government has ordered the creation of a new regulator for the home-building industry in the province in an effort to address the perceived conflict of interest of having developers on the board regulating their own industry and resolving disputes between builders and homeowners.

Consumer Services Minister Lisa Thomson has also floated the idea of ending Tarion's monopoly on home warranties in Ontario and opening the market to other providers.