

# LILLEY: New home warranty paid the execs, screwed the homeowners

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Joe Voccaro CEO of the Ontario Home Builders Association addresses a press conference as Louie Zagordo president of the Sudbury & District Home Builders Association, Guido Mazza Greater Sudbury's Chief Building Official, Siloni Waraich vice president of Tarion look on as they discuss illegal building in Sudbury, Ont. on Tuesday May 16, 2017. PHOTO BY GINO DONATO /Postmedia Network

It's the biggest, most important purchase most of us will ever make — our homes — and in Ontario the transaction is supposed to be covered by a government mandated group.

Yet a new audit shows too much money was spent on bonuses, and not enough time and effort was spent fixing problems.

It's a problem now being uncovered by the Auditor General after a request to audit the organization following complaints to MPPs at Queen's Park.

Tarion, Ontario's new home buyer warranty program, has been around for more than 40 years and is there to protect homebuyers and backstop problems that builders can't solve.

It all sounds so very nice to hear Tarion describe themselves:

“We serve new home buyers and new home owners by ensuring that one of their life’s biggest investments is protected,” the organization says on its website.

Soothing words to ease a troubled mind when putting your life’s savings on the line, but the audit from Bonnie Lysyk’s office found that things don’t always go as planned — and that’s disturbing.

It turns out the good news is that most problems end up being solved between the buyer and the builder without Tarion’s involvement.

But when Tarion does get involved, it appears things don’t always go to plan.

The audit found that thousands of homeowners, who had paid for this service, were rejected when they asked for help due to what the auditor called Tarion’s “restrictive policies.”

“Between 2014 and 2018, Tarion refused assistance on about 9,700 requests because the homeowners had missed the 30-day deadlines. About 1,300 of these requests had missed the deadline by a single day,” the audit reads.

Under the rules, a new homeowner could submit a claim within one year of occupying their home, but only in the first 30 days or the last 30 days.

Anything outside of those parameters would be dismissed.

While those paying for the program were being turned away, the executives at the top were cashing in.

In 2018 Tarion paid out \$2 million in bonuses to top level executives, for some worth between 30 to 60% of their annual compensation.

As the audit points out, Tarion’s bonus structure increased pressure to keep costs — and payouts — down.

“These approaches to compensation appeared more suited to a private-sector for-profit company than to a government-delegated not-for-profit corporation,” the audit reads.

I’m all for incentive-based pay for government bureaucrats, but this audit paints a picture of a system designed to make sure that the only ones getting paid were those at the top — not homebuyers who pay the fees that keep Tarion in business.

“Until recently, the Ministry of Government and Consumer Services did not effectively oversee Tarion to ensure that it was accomplishing its mandate of helping new-home buyers,” the audit said.

Hopefully, that’s changing.

Current minister of consumer services Lisa Thompson issued a statement saying she accepts and appreciates the work of the auditor and will be making changes based off the work.

“Our government has been actively working with Tarion to improve both transparency and operational effectiveness,” Thompson said.

That transparency includes not only posting executive compensation online, but also warning buyers about the risks of buying a pre-construction condo.

The promise of Tarion is giving new homebuyers a bit of an assurance that their biggest investment was safe, but Tarion was failing to deliver.

Let’s hope this audit fixes that.