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Ontario's Tarion Warranty Corporation rejects criticism that it's moving too slowly on reforms

SHANE DINGMAN > REAL ESTATE REPORTER
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The new CEO of Ontario's Tarion Warranty Corporation on Friday rejected criticism that his organization is moving too slowly to implement the recommendations of the province's Auditor-General as it revealed that it has followed through with 11 of 25 of the orders, nine months after they were received.

"As Tarion always does, it's helping builders first, at the expense of families and homeowners," said Tom Rakocevic, Ontario NDP Government Services and Consumer Protection critic. "While Tarion drags its feet on important recommendations from the Auditor-General for better protecting consumers, the Ontario government is leaving new home buyers vulnerable to bad builders that saddle them with serious construction problems and try to walk away."

"We have to balance speed with getting things done properly and also prioritizing things and trying to do the most important things first," said Peter Balasubramanian, CEO of Tarion. "That being said, I do acknowledge homeowners frustrations and I understand that consumers may look at it and think things aren't moving fast enough. We expect to have another eight more done by the end of this year ... I think we've done the opposite of dragging our feet."

Mr. Balasubramanian was Tarion's former chief operating officer and was made Tarion CEO in January. His predecessor, Howard Bogach, retired five weeks after the Auditor-General's report, which recommended wholesale changes, was published in October, 2019.

Among the recommendations Tarion says it has now implemented are a review of builder licencing procedures and an end to its financial sponsorship of Ontario home builder events. But still outstanding is the creation of a new home construction regulatory authority, as well as consumer protection issues related to home inspections, dispute resolution and warranty service concerns the Auditor-General said have negatively impacted thousands of new-home buyers in recent years.

"Like the Liberals before them, the Conservatives are doing too little, too late, to mend Ontario's broken new-home warranty system," said Mr. Rakocevic. "We can't trust Tarion to fix itself when it has spent years protecting the builders that control it instead of new-home buyers."

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“Tarion has squandered every opportunity to become a consumer protection-focused organization for the past 44 years,” said Karen Somerville, president of Canadians for Properly Built Homes. “It is unacceptable that a number of recommendations will take at least two years (from the date of the Auditor’s report) to complete. A number of these issues have been raised by CPBH and homeowners for many years now. Tarion’s utter lack of credibility means its announcement today provides no comfort to consumers.”

Tarion is one of Ontario’s administrative authorities that performs a public regulatory role but operates at arms-length from the provincial government.

Among the first items Tarion addressed in January was a revamp of the ways it awarded bonuses and constructed compensation for its senior leadership.

“I think addressing some of those issues around governance and compensation were really important to the credibility of the organization,” said Mr. Balasubramanian, “and signalling right from the outset that we are accepting the recommendations of the AG and they are being embraced by the senior leadership.

“I don’t accept the suggestion that we did it at the expense of moving forward on consumer issues,” he said. “The nature of some of these recommendations, because they need consultation, because they may involve some regulatory change, they just are by their nature going to take longer than others.”

Among the AG recommendations that are not expected to be complete until the end of 2020 are changes to the ways that new-home buyers are given information and time to prepare for a critical step in the warranty process called the Pre-Delivery Inspection (PDI). The Auditor-General found that between 2014 and 2018, Tarion ruled against homeowner warranty claims in 2,700 cases because a defect was not noted in a PDI. The Auditor-General recommended that Tarion give homebuyers more information on PDIs and create new rules to enlist builders in that effort. Tarion now says it intends to implement random and targeted audits of builder conduct around PDIs.

Another consumer issue the Auditor-General demanded action on was a 30-day deadline around filing warranty claims. It found 9,700 instances when Ontario new home buyers were refused help – 1,300 of which missed the deadline by a single day. Mr. Balasubramanian said that 97 per cent of claims hit the deadlines on time, but admitted that changes to this process won’t be unveiled until next year.

Mr. Balasubramanian urged buyers affected by this issue to contact Tarion directly. “Anyone who feels they are being impacted by something that’s being addressed in our plan, my message is for them to reach out to us,” Mr. Balasubramanian said. “From my perspective, I see this as an optimistic time to rebuild. It’s the culmination of almost five years of public review of our program.”