

**Deputation to the Standing Committee  
on Finance and Economic Affairs  
Bill 100, Schedule 47,  
the Ontario New Home Warranties Plan Act**

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**Respectfully Submitted by  
Canadians for Properly Built Homes**

**Presented by  
Dr. Karen Somerville, PhD in Management,  
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on May 7, 2019**

Founded in 2004, Canadians for Properly Built Homes (CPBH) is a national, not for profit corporation dedicated to healthy, safe, durable, energy efficient residential housing for Canadians, and is the only organization of its kind in Canada. Working for consumer awareness and protection, CPBH is run by a volunteer Board of Directors and is supported by a volunteer Advisory Council of industry experts and other key stakeholders. CPBH earned "partner" status with the Canadian Consumer Information Gateway (Industry Canada).

Good morning. Thank you for the opportunity to present today.

### **CPBH Opposes Schedule 47 related to the Ontario New Home Warranties Plan Act**

Very serious issues with the Ontario New Home Warranties Plan (ONHWP) Act have been raised for more than four decades. There have been numerous studies related to the ONHWP Act over the years.

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In Dec. 2016, after more than a year of consultation and study, Justice Douglas Cunningham tabled his Tarion Review report with the Ontario Government. If implemented, Justice Cunningham's 37 recommendations would basically dismantle the mandatory monopoly Tarion Warranty Corporation (Tarion) as we know it today.

Schedule 47 does not come close to what Justice Cunningham recommended. Schedule 47 does not come close to addressing the very serious problems with Ontario's new home warranty and Tarion.

Minister Walker recently described Tarion as "broken". Schedule 47 does not "fix" Tarion. Since the Ford Government was elected, an estimated 60,000 families have been forced to purchase a "broken" warranty. Why are Ontarians being forced by law to purchase a "broken" warranty?

A key recommendation from Justice Cunningham's Tarion Review is to end Tarion's monopoly, and introduce a competitive warranty model in Ontario, like most of the rest of Canada has. This also has been the recommendation of other studies over the decades.

Minister Walker and Ministry of Government and Consumer Services (MGCS) staff have advised that they are still considering the recommendation related to ending Tarion's monopoly. **If Tarion's monopoly is ended, then these proposed changes in Schedule 47 are unnecessary.**

Schedule 47 also falls significantly short of what Premier Ford and the PC Party said before the June 2018 election. Here are two examples:

1. Before the June 2018 election Premier Ford tweeted the following message:

*"Government should not have a monopoly on any business. I can't stand it when politicians think they can run things better than hard working Ontarians."*

2. Former PC Critic for MGCS, MPP McDonell, responding on behalf of then-PC Leader MPP Fedeli, said in relation to what the PC Party would do if elected:

*"...We are on the record advocating for more flexibility in the new home warranty market and for greater independence of the dispute adjudication process, and we*

*remain strongly in favour of legislation that would make these changes possible. Our amendments struck a balance by not abolishing the "public" warranty provider outright, but allowing the government to prescribe acceptable alternative plans from licensed insurers..."*

Many Ontarians are very disappointed that the new Ontario Government is now stalling on moving forward with Justice Cunningham's recommendations, particularly given what the PCs said before the election. Ending Tarion's monopoly and introducing a competitive model is also in line with the current ON government's objective of being "Open for Business", while at the same time demonstrating its "For the People" mantra.

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CPBH views the following as the top six recommendations from Justice Cunningham's report:

1. Deliver new home warranty via a competitive model – not a monopoly.
2. Have separate entities for regulating builders and vendors from the warranty providers.
3. Significantly improve the builder directory.
4. Ensure that the homeowner only has to establish credible symptoms of a construction defect, and not the cause of the defect.
5. Government must retain final approval of rule-making on warranty protection and standards for builder and vendor registration.
6. Access to a neutral and independent adjudication delivered by a body separate from the warranty provider.

It is critical to note that homeowners often report that Tarion wrongfully denied their claims, including claims related to Ontario Building Code (OBC) violations. When there are OBC violations, health and safety of the occupants are often impacted, as the Code is based on health and safety. The impacts of Code violations can be devastating, including multiple traumas of compromised health, financial ruin and related psychological effects. Schedule 47 also does not address the serious situation of Tarion wrongfully denying homeowners' claims. **There must be a process to address this serious issue.** It is important to note that Tarion has accumulated \$275,160,000 – more than a quarter of a billion dollars – in equity - according to Tarion's latest publicly available financial statements dated Dec. 2017. Tarion is sitting on this, while many Ontario families continue to suffer from construction defects.

Ontarians urgently need – and deserve – adequate consumer protection on the largest purchase most make – a home. Schedule 47 does not come close to providing this urgently needed adequate consumer protection and this is why we oppose it.

Thank you. I will be happy to respond to any questions.