Before lifting the final barrier to Rogers Communications Inc.’s $20-billion takeover of Shaw Communications Inc.

Friday morning, Industry Minister François-Philippe Champagne said the message he had heard from Canadians was clear: “We pay way too much for telecom services and we want more options, full stop.”

Mr. Champagne's solution is a "real fourth player" that he says will go “toe to toe” with the country's telecom giants.

That fourth company will be Quebecor Inc.’s Videotron, which will acquire Shaw's Freedom Mobile, currently the fourth-largest carrier in Canada, for $2.85-billion. As part of a spate of conditions, Freedom under Videotron will be required to offer wireless plans at a 20-per-cent discount compared with prices offered by the major wireless carriers on a recent benchmark date. If Freedom falls short of that, then the company “may be subject to damages of up to $200-million.”

The government would take the companies to court if necessary, Mr. Champagne said.

But experts aren't convinced Freedom's divestiture and Mr. Champagne's conditions will be enough to save Canadians money.

Laura Tribe, executive director of media advocacy non-profit OpenMedia, said the financial penalties aren't high enough to frighten Quebeccer into keeping its promise, as it spends heavily on its network buildout. "Inevitably, we will see the companies weighing the pros and cons of compliance versus what is in their best business interests."

When asked during a press conference Friday how he would ensure the conditions would be enforced, Mr. Champagne said, "I'm a lawyer and it's a contract" that he'll watch "like a hawk."

But Ms. Tribe said that Mr. Champagne would likely not be in a position to enforce the rules in a decade, when they expire.

"That's so far away that we may have a completely different government in place, let alone different businesses. It's a really nice soundbite now, but holds no accountability for the minister."

Anthony Lacavera, the founder of Freedom Mobile (formerly Wind), called the commitments "window dressing on the burning house," saying that meaningfully bringing down wireless prices will require overhauling the structure of the industry to create independent competitors that aren't owned by "legacy cable and phone companies." Mr. Lacavera, who is the chairman of Globalive Inc., is currently trying to re-enter the wireless space by attempting to acquire wireless airwaves from now-defunct Manitoba carrier Xplore Mobile Inc.

The federal government has long maintained that a strong fourth carrier is needed to put pressure on the overall market.

But it also remains to be seen whether Videotron's 20 per cent lower prices will be enough to force the major providers to compete. This will depend on whether Freedom's new offerings are attractive enough to draw customers from other carriers.

For instance, on the benchmark date of Feb. 10, 2023, Bell, Rogers and Telus offered a plan with 25 gigabytes of data at speeds up to 250 megabits per second for $85 monthly. Under the agreement,
Videotron will be required to price the equivalent plan at $68. For every year until the 10th year that it misses the 20-per-cent discount objective, it will be required to pay $25-million, up to a total of $200-million.

In its early days, Freedom's predecessor Wind Mobile struggled to attract customers because its network was unreliable and only available in major urban centres. Its acquisition and rebranding by Shaw in 2015 gave the company stronger financial backing and its service has since improved, but outside the company's "home network" customers still roam on the networks of the other incumbents and pay added fees.

To combat this shortcoming, Videotron has agreed to offer new plans including national roaming equivalent to those offered by the incumbents within two years, through a combination of $150-million infrastructure upgrades and various network-sharing agreements.

Videotron has also committed to maintaining prices for Freedom Mobile's existing customers for five years. The company did not respond to questions about whether it will honour "grandfathered" plans after that date.

BCE Inc.'s Bell Canada and Telus Corp. did not respond to questions about whether they will lower plans accordingly. Michael Geist, research chair in internet and e-commerce law at the University of Ottawa, said the two companies have already started reacting to the deal by acquiring wholesale companies across the country, including Bell's acquisition of Ebox and Distributel and Telus's acquisition of Start.ca and Altimax Telecom.

"Past mergers in the sector have invariably led to less competition in Canada. While we've seen claims that the deal will be a good one for consumers, recent history suggests that is unlikely.

There is little reason to be optimistic that this merger will be much different."

He added that Mr. Champagne's approval was full of contradictions, including his concurrent announcement that Innovation, Science and Economic Development Canada would freeze all future spectrum actions and transfers while it reviews the spectrum framework, which has not been updated in 10 years.

"On one hand, he says the merger will be great for Canadians, but on the other, he says he is putting a freeze on licence transfers because mergers aren't so great. It feels like he's closing the barn doors after letting the horse out," Mr. Geist said.

John Lawford, executive director of the consumer advocacy organization Public Interest Advocacy Centre (PIAC), called the deal "smoke and mirrors," saying the conditions obtained by the minister will not counteract the anti-competitive effects of the takeover.

Many of the conditions, such as 5G investments and commitments to improving connectivity in remote, rural and Indigenous communities were already announced as part of the original Rogers-Shaw merger, he said.

"PIAC contends that such an 'unprecedented' effort (in the minister's words) betrays a desperate attempt to control a situation that is beyond the capabilities of the Canadian government," Mr. Lawford said.