

Engineering services industry, 2019

Released at 8:30 a.m. Eastern time in *The Daily*, Friday, March 12, 2021

In 2019, just before the COVID-19 pandemic hit, the engineering services industry experienced renewed strong growth, reporting operating revenue of \$31.8 billion—an increase of 12.6% over 2018. This marks the first time in four years that the industry has surpassed the \$30 billion mark. The engineering services industry has strong ties to the oil and gas extraction industry and, since 2014, with investment in the energy sector cut by more than half, demand for engineering services had not rebounded significantly. However, in 2019, with major projects underway—particularly the development of the emerging liquefied natural gas industry—the engineering services industry in British Columbia experienced strong growth in operating revenue (+32.9%). In the same year, operating revenue turned around in Alberta (+17.4%). Outside the oil and gas extraction and mining sector, investment in public infrastructure such as public transit and other transportation-related projects continued to support demand for engineering services in Ontario and Quebec, as it had in previous years. The industry's 2019 operating revenue grew by 6.0% in Ontario and 5.9% in Quebec.

Operating expenses rebounded by 12.9% to \$28.7 billion in 2019, resulting in an operating profit margin of 9.6%—down from 9.9% in 2018. Salaries, wages, commissions and benefits totalled \$13.9 billion in 2019, accounting for 48.5% of the engineering services industry's total operating expenses and continuing the upward trend observed since 2013 (when they were estimated at 40.5%). Demand for skilled labour has put upward pressure on industry wages. The cost of goods sold (17.3%) was the second-highest operating expense.

Among the engineering services, those related to mining and metallurgical plant and processing projects posted the largest increase and accounted for 12.2% of total sales in 2019, up from 6.3% of sales in 2018. Other types of engineering services were more stable. Clients in the business sector made up 65.0% of sales in the engineering services industry in 2019, while governments and public institutions accounted for 22.2%. Customers outside Canada accounted for 9.9% of sales in 2019, down from 11.2% in 2018, while foreign sales were almost evenly split between the United States (48.0%) and all other countries (52.0%).

The COVID-19 pandemic

In 2020, despite the COVID-19 pandemic, many activities related to the engineering services industry were categorized as essential—mainly for construction projects including infrastructure projects in the energy, mining and transportation sectors. Yet, significant economic uncertainty weighed on business expansion plans. There were also delays in the development of specific projects, particularly at the onset of the pandemic and during the year because of COVID-19 outbreaks among workers, which may have impacted project development. Nevertheless, the drawbacks are temporary and related primarily to the COVID-19 pandemic, as major project development will continue for the foreseeable future. The annual survey for 2020 will provide detailed information on the impact of the pandemic on professional services activities.

Note to readers

Data for 2017 and 2018 have been revised.

The data for reference year 2019 were collected in spring and summer 2020. This collection period includes COVID-19-related events and business disruptions and, in general, response rates have been lower. As a result, there may be larger-than-normal revisions to the data in future releases. For more information on data quality and revisions please refer to [2439—Annual Survey of Service Industries: Engineering Services](#).

Information on the oil and gas extraction industry—with investment in the energy sector being cut by more than half since 2014—is from [Table 25-10-0054-01](#).



Available tables: [21-10-0163-01](#) to [21-10-0165-01](#) , [21-10-0212-01](#) and [21-10-0214-01](#).

Definitions, data sources and methods: survey number [2439](#).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).