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Service bulletin

Engineering Services

2006

Highlights

- The engineering services industry recorded operating revenues of $15.4 billion in 2006, up 11.4% from the previous year. The operating profit margin was 11.7%.
- Operating revenue growth rates in Western Canada outpaced those of the central provinces. Industry operating revenues in Ontario and Quebec grew by 6% and 7% respectively, compared with 19% in Alberta and 21% in British Columbia.
- Engineering service firms operating in Ontario accounted for 29% of national operating revenues. Alberta, closing the gap with Ontario in recent years, was second with a share of 27%, followed by Quebec (21%) and British Columbia (16%).
- Nearly 60% of operating revenues were earned from business sector contracts while another 24% came from public sector clients. Spending by households and individuals accounted for only 2% of the industry's revenues. Exports continued to be strong, generating 16% of total operating revenues.

Statistical tables

Table 1
Summary statistics for engineering services industry, by province and territory, 2004 to 2006

	Operating revenue	Operating expenses	Salaries, wages and benefits	Operating profit margin	Statistical establishments
	millions of dollars			percent	number
2006					
Newfoundland and Labrador	196.8	177.3	77.6	9.9	199
Prince Edward Island	x	x	x	x	x
Nova Scotia	258.1	232.9	105.9	9.8	345
New Brunswick	175.7	161.9	66.6	7.8	260
Quebec	3,231.6	2,813.4	1,215.8	12.9	3,022
Ontario	4,451.7	4,003.0	1,997.8	10.1	6,823
Manitoba	172.5	165.2	90.5	4.2	251
Saskatchewan	195.2	174.5	91.9	10.6	273
Alberta	4,224.5	3,680.3	1,646.3	12.9	5,238
British Columbia	2,408.3	2,115.2	942.0	12.2	3,426
Yukon	14.2	12.3	4.4	13.5	24
Northwest Territories	30.2	29.6	10.6	2.2	22
Nunavut	x	x	x	x	x
Canada	**15,371.7**	**13,576.9**	**6,254.0**	**11.7**	**19,915**
2005					
Newfoundland and Labrador	162.0	151.5	68.7	6.5	193
Prince Edward Island	x	x	x	x	x
Nova Scotia	268.7	242.7	126.2	9.7	409
New Brunswick	160.3	141.3	59.8	11.9	267
Quebec	3,023.2	2,581.0	1,133.5	14.6	3,080
Ontario	4,192.5	3,725.3	1,903.6	11.1	6,990
Manitoba	199.0	181.8	109.9	8.6	293
Saskatchewan	202.5	181.6	91.6	10.3	307
Alberta	3,557.2	2,971.7	1,379.0	16.5	6,416
British Columbia	1,982.7	1,700.1	838.0	14.2	3,712
Yukon	8.1	8.1	3.0	-0.4	25
Northwest Territories	26.8	25.7	8.0	4.4	29
Nunavut	x	x	x	x	x
Canada	**13,793.5**	**11,919.7**	**5,726.0**	**13.6**	**21,753**
2004					
Newfoundland and Labrador	125.4	113.3	61.4	9.7	188
Prince Edward Island	x	x	x	x	x
Nova Scotia	238.5	216.4	105.6	9.3	409
New Brunswick	152.6	130.0	66.6	14.8	279
Quebec	2,667.1	2,333.3	1,044.8	12.5	3,085
Ontario	4,100.0	3,670.0	1,836.5	10.5	7,207
Manitoba	175.2	155.4	90.9	11.3	283
Saskatchewan	146.6	136.2	67.9	7.1	303
Alberta	2,936.0	2,518.9	1,194.2	14.2	5,337
British Columbia	1,564.5	1,425.1	618.9	8.9	3,551
Yukon	8.6	7.6	2.6	11.4	24
Northwest Territories	22.1	19.3	8.6	12.6	27
Nunavut	x	x	x	x	x
Canada	**12,147.8**	**10,734.8**	**5,103.3**	**11.6**	**20,723**

Note(s): According to the North American Industry Classification System (NAICS 541330). See "Data sources, definitions and methodology" at the end of tables for definition of terms. Due to rounding, components may not add to total.

Table 2
Distribution of operating revenue by type of service, by province and territory, 2004 to 2006

	Newfound-land and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saska-tchewan	Alberta	British Columbia	Territories [1]	Canada
	percent											
Engineering services												
2006	85.5	x	76.3	61.5	78.0	81.1	78.7	88.0	86.6	83.6	x	**82.1**
2005	86.9	x	67.5	67.0	78.3	76.3	80.5	83.9	81.0	83.4	x	**79.0**
2004	82.2	x	86.6	82.2	74.4	81.2	88.3	83.8	84.5	83.2	x	**81.0**
Residential building engineering projects												
2006	0.6	x	2.3 E	1.0	1.2	6.8	3.3 E	1.8	4.0	7.1	x	**4.5**
2005	0.5 E	x	x	2.6 E	0.9	6.8	2.9	3.3	2.2	8.7	x	**4.2**
2004	0.8 E	x	2.7	1.1	3.1	5.5	2.9 E	5.6	2.9 E	5.4	x	**4.1**
Commercial, public and institutional building engineering projects												
2006	10.0	x	8.5	12.7	10.3	12.9	18.7	10.9	6.3	10.9	x	**10.1**
2005	8.3	x	10.2	10.8	10.8	9.9	17.3	11.5	5.1	13.6	x	**9.6**
2004	12.7	x	12.2	5.7 E	9.8	15.7	17.4	13.7	6.8	10.9	x	**11.4**
Industrial and manufacturing engineering projects												
2006	48.2	x	32.9	15.0	30.8	25.3	23.3	34.0	47.5	33.3	x	**34.2**
2005	36.1	x	30.9	20.7	31.3	24.4	27.7	33.0	50.0	34.0	x	**34.3**
2004	35.9 E	x	43.7	28.9	30.6	21.8	26.7	37.2	50.0	36.7	x	**33.4**
Mining and metallurgical												
2006	7.9	x	7.5	3.3	9.8	6.2	9.5	14.4	F	9.6	x	**7.0**
2005	9.4	x	3.9	3.0	8.5	6.6	6.2	13.3	4.2	13.6	x	**7.5**
2004	7.7	x	7.3	2.9	7.8	4.6	4.1	9.3	3.2	4.6	x	**5.1**
Petroleum and petrochemical												
2006	29.8	x	18.9	3.4	11.0	7.0	2.0	11.1	39.2	17.2	x	**18.7**
2005	22.7	x	15.8	6.1	12.8	6.4	7.1	9.9	41.5	8.8	x	**17.6**
2004	24.3	x	22.7	4.2	10.9	5.0	8.3	15.4	40.9	14.1	x	**16.8**
Pulp and paper												
2006	F	x	F	2.9	1.7	0.4	0.8 E	0.2	F	1.7	x	**0.9**
2005	0.7	x	1.0	6.6	1.4	0.4	3.8	1.0	0.3	3.1 E	x	**1.1**
2004	1.2	x	2.0	6.6	4.7	0.6	4.7	1.8	0.6	8.5	x	**2.7**
Industrial machinery												
2006	1.8	x	2.0	0.8	3.9	1.6	F	2.3	0.5 E	F	x	**1.7**
2005	x	x	x	x	2.7 E	1.6	3.9	5.2 E	0.5	2.1 E	x	**1.7**
2004	0.0 E	x	2.0	0.1	2.5	2.1	1.4	0.8	2.2	2.4	x	**2.2**
Electronic and electrical equipment												
2006	F	x	0.0	0.3 E	F	2.9 E	F	3.5	F	F	x	**1.3**
2005	0.0	x	x	x	1.2 E	0.4	x	x	1.6	1.3 E	x	**1.0**
2004	0.0	x	0.0	1.0	0.5 E	3.3 E	0.5 E	1.0	0.4 E	2.3	x	**1.6**
Transportation equipment												
2006	F	x	1.1	F	F	F	0.0	F	F	0.6	x	**0.4**
2005	x	x	x	0.6	1.1 E	0.1	x	0.7 E	0.4	0.1	x	**0.5** E
2004	0.1 E	x	5.3	10.9	0.0	1.0	1.6	5.7	0.2	0.2	x	**0.7**
Other industrial and manufacturing engineering projects												
2006	0.8	x	2.5	1.9	3.2	7.1	6.4 E	1.6 E	3.3	2.9 E	x	**4.3**
2005	1.1	x	3.4 E	3.6	3.7	8.8	6.2	2.5	1.4	5.0	x	**4.8**
2004	2.5	x	4.4	3.2	4.3	5.2	6.0	3.1	2.5	4.5	x	**4.1**
Transportation engineering projects												
2006	7.7	x	7.6	5.4	9.8	13.3	10.1	16.1	8.6	11.1	x	**10.7**
2005	18.8	x	5.0	7.0	8.6	11.4	7.8	8.2	6.4	9.1	x	**9.0**
2004	15.8	x	9.9	8.8	10.6	9.6	9.6	11.0	9.0	12.2	x	**10.1**
Municipal utility engineering projects												
2006	9.3	x	3.3	4.5	8.2	6.2	5.8	10.0	6.6	5.3	x	**6.6**
2005	6.1	x	2.3	6.6	9.1	9.2	4.9	7.9	5.5	4.9	x	**7.3**
2004	10.8	x	7.3	14.5	6.8	7.1	10.9	11.0	8.5	9.8	x	**8.0**
Power generation, transmission and distribution engineering projects												
2006	4.6	x	8.3	10.0	11.4	2.5	F	4.5	3.3	6.7	x	**5.5**
2005	1.9	x	7.5	12.5	11.0	2.5	10.1	1.9 E	2.8	2.0	x	**4.7**
2004	1.4	x	4.2	17.2	9.3	4.4	14.3	0.7	2.5	2.9	x	**5.1**
Telecommunications and broadcasting engineering projects												
2006	F	x	F	F	1.1	0.9	F	F	0.1	F	x	**0.8**
2005	4.7 E	x	3.8 E	0.7 E	1.5 E	1.7 E	1.9	x	0.3	0.6 E	x	**1.2**
2004	1.9 E	x	0.5 E	0.5 E	0.4	1.1	0.6	0.0	0.1	1.7	x	**0.8**

See footnotes at the end of the table.

Table 2 – continued

Distribution of operating revenue by type of service, by province and territory, 2004 to 2006

	Newfound-land and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saska-tchewan	Alberta	British Columbia	Territories [1]	Canada
	percent											
Hazardous and industrial waste engineering projects												
2006	0.1 E	x	0.1	1.7	F	0.7	0.7	0.2	0.4	0.4	x	**0.5**
2005	x	x	x	x	x	0.6	x	0.4	0.6	0.5	x	**0.5**
2004	0.0	x	3.4	0.8	0.4	1.5	1.5	1.3	1.1	0.7	x	**1.1**
Engineering advisory services												
2006	0.7	x	2.1	0.9	2.3 E	1.9	3.3 E	0.9	F	1.6	x	**1.6**
2005	0.0	x	1.4	x	x	1.2	2.2	x	1.5	2.2 E	x	**1.5**
2004	0.5	x	1.0	0.3 E	1.7 E	9.5 E	1.4 E	0.7 E	0.9	0.9	x	**3.9** E
Other engineering projects or services												
2006	3.7	x	9.8	8.0	2.9 E	10.7	8.1	8.2	8.9	6.3	x	**7.6**
2005	10.0	x	4.6	4.0	3.8 E	8.6	4.9	12.7	6.7	7.7	x	**6.8**
2004	2.5	x	1.8	4.2	1.6	4.9	3.0	2.7	2.7	2.1	x	**3.1**
Secondary activities												
Project management services												
2006	4.5	x	5.9	4.2	8.1	7.5	3.6	5.8 E	5.2	5.5	x	**6.5**
2005	5.2	x	4.9	3.1	8.2	6.0	2.5	3.6	6.2	3.5	x	**6.0**
2004	8.5	x	3.4	5.8 E	5.8	2.9	2.3	2.7	6.1	3.2	x	**4.5**
Construction services, including design/build contracts												
2006	2.8	x	6.7	26.1	6.4	2.6	9.3	2.0	2.3	4.2	x	**4.0**
2005	2.1	x	x	x	5.6	4.2	x	x	2.6	3.0	x	**4.4**
2004	1.8	x	2.8	1.4	9.4	2.7	1.7	2.1	2.8	2.7	x	**4.2**
Environmental consulting services												
2006	F	x	6.4	3.7	2.1	4.3	F	1.1	F	1.9	x	**3.1**
2005	5.2	x	6.5	x	2.7	4.4	6.7	6.6	6.0	5.4	x	**4.8**
2004	5.1	x	3.7	5.4	4.3	4.7	6.3	9.0	4.0	4.9	x	**4.5**
Other sales												
2006	5.6	x	4.7	4.5	5.4	4.4	1.0	3.1	2.8	4.8	x	**4.2**
2005	0.6	x	5.9	4.2	5.1	9.1	1.6	2.2	4.2	4.7	x	**5.9**
2004	2.5	x	3.5	5.3	6.2	8.4	1.3	2.3	2.7	5.9	x	**5.8**

1. Territories include: Yukon, Northwest Territories and Nunavut.

Note(s): According to the North American Industry Classification System (NAICS 541330). See "Data sources, definitions and methodology" at the end of tables for definition of terms. The smallest firms, in terms of revenues earned, are not included in the estimates. These firms account for a relatively small portion of total industry revenues. Due to rounding, components may not add to total.

Table 3
Distribution of operating revenue by type of client, by province and territory, 2004 to 2006

	Clients in Canada	Businesses [1]	Individuals and households	Governments and public institutions	**Clients outside Canada**
	percent				
2006					
Newfoundland and Labrador	**85.7**	59.6	0.2	26.0	**14.3**
Prince Edward Island	**x**	x	x	x	**x**
Nova Scotia	**95.0**	63.7	3.0	28.4	**5.0**
New Brunswick	**65.6**	46.2	1.1	18.3	**34.4**
Quebec	**76.1**	50.7	0.6 E	24.8	**23.9**
Ontario	**85.6**	55.7	1.8	28.1	**14.4**
Manitoba	**96.7**	66.9	1.6 E	28.3	**3.3** E
Saskatchewan	**94.8**	63.4	0.6	30.9	**5.2**
Alberta	**90.4**	70.5	1.7	18.2	**9.6**
British Columbia	**77.3**	53.7	2.2	21.4	**22.7**
Yukon	**99.5**	30.7	3.1	65.7	**0.5**
Northwest Territories	**90.9**	67.8	1.0	22.1	**9.1**
Nunavut	**x**	x	x	x	**x**
Canada	**83.8**	**58.7**	**1.6**	**23.5**	**16.2**
2005					
Newfoundland and Labrador	**88.5**	55.4	1.1	32.0	**11.5**
Prince Edward Island	**x**	x	x	x	**x**
Nova Scotia	**88.3**	60.3	2.5	25.5	**11.7**
New Brunswick	**76.5**	47.2	2.1	27.3	**23.5**
Quebec	**78.9**	48.4	1.1 E	29.5	**21.1**
Ontario	**83.2**	52.1	3.5	27.6	**16.8**
Manitoba	**95.7**	58.9	2.9	33.9	**4.3**
Saskatchewan	**96.0**	59.7	4.0	32.3	**4.0**
Alberta	**88.6**	68.2	1.5	18.9	**11.3**
British Columbia	**89.3**	60.1	5.0	24.2	**10.7**
Yukon	**98.2**	40.6	6.9	50.7	**1.8** E
Northwest Territories	**98.5**	67.3	1.7	29.5	**1.5**
Nunavut	**x**	x	x	x	**x**
Canada	**85.0**	**56.9**	**2.6**	**25.5**	**14.9**
2004					
Newfoundland and Labrador	**84.8**	49.4	0.9 E	34.5	**15.2**
Prince Edward Island	**x**	x	x	x	**x**
Nova Scotia	**90.5**	63.5	2.3	24.7	**9.5**
New Brunswick	**92.5**	47.1	1.9	43.4	**7.5**
Quebec	**79.5**	50.8	0.4	28.3	**20.5**
Ontario	**86.5**	48.8	3.6	34.1	**13.5**
Manitoba	**95.6**	60.9	1.3 E	33.5	**4.4**
Saskatchewan	**90.2**	48.9	0.8	40.5	**9.8**
Alberta	**85.3**	62.6	0.9	21.8	**14.7**
British Columbia	**86.5**	59.2	1.9	25.5	**13.5**
Yukon	**99.7**	54.3	5.0	40.5	**0.3**
Northwest Territories	**97.0**	57.9	0.5	38.5	**3.0**
Nunavut	**x**	x	x	x	**x**
Canada	**85.0**	**54.4**	**1.9**	**28.7**	**15.0**

1. Including engineering firms.

Note(s): According to the North American Industry Classification System (NAICS 541330). See "Data sources, definitions and methodology" at the end of tables for definition of terms. The smallest firms, in terms of revenues earned, are not included in the estimates. These firms account for a relatively small portion of total industry revenues. Due to rounding, components may not add to total.

Table 4
Distribution of foreign fee income by geographic region, 2004 to 2006

	2006	2005	2004
	percent		
United States	55.3	50.2	44.3
Mexico	1.1	0.4	0.8
Europe	11.1	7.8	8.0
Africa	13.2	19.6	28.5
Asia	7.5	5.2	5.6
Middle East	6.6	6.7	1.8
Australia	1.9	3.8	0.9
Other	3.3	6.3	10.2

Note(s): According to the North American Industry Classification System (NAICS 541330). See "Data sources, definitions and methodology" at the end of tables for definition of terms. The smallest firms, in terms of revenues earned, are not included in the estimates. These firms account for a relatively small portion of total industry revenues. Due to rounding, components may not add to total.

Table 5
Summary statistics for engineering services industry, by class size, Canada, 2004 to 2006

	Class size [1]							
	Small		Medium		Large		**All firms**	
	millions of dollars	percent	millions of dollars	percent	millions of dollars	percent	**millions of dollars**	**percent**
Operating revenue								
2006	5,320.4	35	2,954.2	19	7,097.1	46	**15,371.7**	**100**
2005	5,059.9	37	3,214.5	23	5,519.1	40	**13,793.5**	**100**
2004	4,663.3	38	2,636.9	22	4,847.6	40	**12,147.8**	**100**
Operating expenses								
2006	4,591.6	34	2,816.5	21	6,168.8	45	**13,576.9**	**100**
2005	4,242.5	36	2,988.0	25	4,689.1	39	**11,919.7**	**100**
2004	4,052.4	38	2,423.3	23	4,259.0	40	**10,734.8**	**100**
Salaries, wages and benefits								
2006	2,086.1	33	1,348.5	22	2,819.3	45	**6,254.0**	**100**
2005	1,965.6	34	1,491.1	26	2,269.3	40	**5,726.0**	**100**
2004	1,723.3	34	1,168.1	23	2,211.9	43	**5,103.3**	**100**
Operating profit								
2006	728.8	41	137.7	8	928.3	52	**1,794.8**	**100**
2005	817.4	44	226.5	12	830.0	44	**1,873.8**	**100**
2004	610.9	43	213.6	13	588.6	42	**1,413.0**	**100**
	percent							
Operating profit margin								
2006	13.7	-	4.7	-	13.1	-	**11.7**	**-**
2005	16.2	-	7.0	-	15.0	-	**13.6**	**-**
2004	13.1	-	8.1	-	12.1	-	**11.6**	**-**
	number	percent	number	percent	number	percent	**number**	**percent**
Statistical establishments								
2006	19,004	95	474	2	437	2	**19,915**	**100**
2005	20,721	95	484	2	548	3	**21,753**	**100**
2004	19,812	96	387	2	523	3	**20,723**	**100**

1. Small firms represent a workforce of less than 50. Medium firms represent a workforce of 50 to 249. Large firms represent a workforce of 250 or more.

Note(s): According to the North American Industry Classification System (NAICS 541330). See "Data sources, definitions and methodology" at the end of tables for definition of terms. Due to rounding, components may not add to total.

Table 6
Distribution of operating revenue by type of service, by class size, Canada, 2004 to 2006

	Class size [1]			
	Small	Medium	Large	**All firms**
	percent			
Engineering services				
2006	82.6	81.6	82.1	**82.1**
2005	78.2	80.5	78.6	**79.0**
2004	79.9	85.2	79.4	**81.0**
Residential building engineering projects				
2006	7.0	6.9	2.2	**4.5**
2005	7.6	3.9	2.3	**4.2**
2004	8.2	2.5	2.3	**4.1**
Commercial, public and institutional building engineering projects				
2006	16.3	14.4	5.0	**10.1**
2005	14.3	9.7	6.5	**9.6**
2004	15.6	12.7	7.9	**11.4**
Industrial and manufacturing engineering projects				
2006	27.3	24.9	41.9	**34.2**
2005	27.9	28.4	41.6	**34.3**
2004	30.7	31.7	36.1	**33.4**
Mining and metallurgical				
2006	2.4	3.7	10.8	**7.0**
2005	3.2	7.3	10.3	**7.5**
2004	1.3	3.0	8.9	**5.1**
Petroleum and petrochemical				
2006	13.9	10.5	24.8	**18.7**
2005	12.3	9.7	25.4	**17.6**
2004	11.3	16.6	20.7	**16.8**
Pulp and paper				
2006	0.4	1.5	0.9	**0.9**
2005	1.6 [E]	1.6	0.6	**1.1**
2004	x	2.7	x	**2.7**
Industrial machinery				
2006	2.6	3.7	0.4	**1.7**
2005	x	2.0	x	**1.7**
2004	3.4	2.4	1.2	**2.2**
Electronic and electrical equipment				
2006	3.5	1.4	0.0	**1.3**
2005	2.9	x	x	**1.0**
2004	2.6 [E]	2.9 [E]	0.3	**1.6**
Transportation equipment				
2006	1.1	0.4	0.0	**0.4**
2005	1.3 [E]	0.5	0.0	**0.5** [E]
2004	0.6	x	x	**0.7**
Other industrial and manufacturing engineering projects				
2006	3.4	3.6	5.0	**4.3**
2005	3.8	6.6	4.4	**4.8**
2004	8.2	2.6	2.3	**4.2**
Transportation engineering projects				
2006	8.0	11.2	11.9	**10.7**
2005	5.1	9.9	10.9	**9.0**
2004	7.3	9.1	12.6	**10.1**
Municipal utility engineering projects				
2006	6.7	7.8	6.1	**6.6**
2005	7.6	10.6	5.3	**7.3**
2004	7.2	7.7	8.7	**8.0**
Power generation, transmission and distribution engineering projects				
2006	3.1	3.1	7.8	**5.5**
2005	2.6	3.2	6.8	**4.7**
2004	3.9	4.5	6.1	**5.1**
Telecommunications and broadcasting engineering projects				
2006	1.2	1.0	0.4	**0.8**
2005	2.1	1.1 [E]	0.8	**1.2**
2004	1.3	0.6	0.5	**0.8**

See footnotes at the end of the table.

Table 6 – continued

Distribution of operating revenue by type of service, by class size, Canada, 2004 to 2006

	Class size [1]			
	Small	Medium	Large	**All firms**
	percent			
Hazardous and industrial waste engineering projects				
2006	0.5	0.3	0.5	**0.5**
2005	0.4 E	0.5	0.4	**0.5**
2004	0.9 E	0.6	1.4	**1.1**
Engineering advisory services				
2006	2.8	1.6	1.0	**1.6**
2005	2.8 E	1.2	0.8	**1.5**
2004	2.0 E	13.1 E	0.3	**3.9** E
Other engineering projects or services				
2006	9.7	10.5	5.3	**7.6**
2005	7.9	12.0	3.1	**6.8**
2004	2.9	2.8	3.4	**3.1**
Secondary activities				
Project management services				
2006	7.1	7.5	5.8	**6.5**
2005	8.0	3.6	6.2	**6.0**
2004	4.9	3.7	4.6	**4.5**
Construction services, including design/build contracts				
2006	4.2	2.2	4.7	**4.0**
2005	4.8	4.6	3.9	**4.4**
2004	4.5 E	1.9	5.3	**4.2**
Environmental consulting services				
2006	3.1	3.9	2.8	**3.1**
2005	2.3	4.3	6.5	**4.8**
2004	3.3 E	3.1	6.1	**4.5**
Other sales				
2006	3.0	4.8	4.6	**4.2**
2005	6.5	7.0	4.8	**5.8**
2004	7.4	6.2	4.6	**5.8**

1. Small firms represent a workforce of less than 50. Medium firms represent a workforce of 50 to 249. Large firms represent a workforce of 250 or more.

Note(s): According to the North American Industry Classification System (NAICS 541330). See "Data sources, definitions and methodology" at the end of tables for definition of terms. The smallest firms, in terms of revenues earned, are not included in the estimates. These firms account for a relatively small portion of total industry revenues. Due to rounding, components may not add to total.

Table 7
Distribution of operating revenue by type of client, by class size, Canada, 2004 to 2006

	Class size [1]			
	Small	Medium	Large	**All firms**
	percent			
Clients in Canada				
2006	87.4	87.0	80.5	**83.8**
2005	89.0	87.2	81.3	**85.0**
2004	85.4	90.1	81.9	**85.0**
Governments and public institutions				
2006	19.9	29.6	23.1	**23.5**
2005	18.5	28.8	28.0	**25.5**
2004	22.1	33.2	30.8	**28.7**
Businesses, including engineering firms				
2006	65.4	56.0	56.1	**58.7**
2005	65.7	56.3	51.8	**56.9**
2004	60.7	55.0	49.8	**54.4**
Individuals and households				
2006	2.2	1.5	1.3	**1.6**
2005	4.8	2.1	1.5	**2.6**
2004	2.7	1.9	1.3	**1.9**
Clients outside Canada				
2006	12.6	13.0	19.5	**16.2**
2005	11.0	12.8	18.7	**14.9**
2004	14.6	9.9	18.1	**15.0**

1. Small firms represent a workforce of less than 50. Medium firms represent a workforce of 50 to 249. Large firms represent a workforce of 250 or more.

Note(s): According to the North American Industry Classification System (NAICS 541330). See "Data sources, definitions and methodology" at the end of tables for definition of terms. The smallest firms, in terms of revenues earned, are not included in the estimates. These firms account for a relatively small portion of total industry revenues. Due to rounding, components may not add to total.

Table 8
Distribution of foreign fee income by geographic region and class size, Canada, 2004 to 2006

	Class size [1]			
	Small	Medium	Large	All firms
	percent			
United States				
2006	86.1	68.5	40.5	**55.3**
2005	61.6	59.8	42.2	**50.2**
2004	67.7	54.0	28.9	**44.3**
Mexico				
2006	0.3	0.3	1.7	**1.1**
2005	1.1	0.9	0.0	**0.4**
2004	x	0.3	x	**0.8**
Europe				
2006	6.8	8.8	13.2	**11.1**
2005	16.9	x	x	**7.8**
2004	12.1 E	12.4	4.5	**8.0**
Africa				
2006	1.1	2.3	20.7	**13.2**
2005	4.9	x	x	**19.6**
2004	x	5.4	x	**28.5**
Asia				
2006	3.0	11.2	8.1	**7.5**
2005	x	7.3	x	**5.2**
2004	5.7	12.0	3.6	**5.6**
Middle East				
2006	0.3	1.8	10.2	**6.6**
2005	x	6.1	x	**6.7**
2004	x	5.9	x	**1.8**
Australia				
2006	0.1	3.5	2.0	**1.9**
2005	x	1.8	x	**3.8**
2004	0.8	0.5	1.0	**0.9**
Other				
2006	2.3	3.6	3.6	**3.3**
2005	5.4	5.3	6.9	**6.2**
2004	6.5	9.6	12.3	**10.2**

1. Small firms represent a workforce of less than 50. Medium firms represent a workforce of 50 to 249. Large firms represent a workforce of 250 or more.

Note(s): According to the North American Industry Classification System (NAICS 541330). See "Data sources, definitions and methodology" at the end of tables for definition of terms. The smallest firms, in terms of revenues earned, are not included in the estimates. These firms account for a relatively small portion of total industry revenues. Due to rounding, components may not add to total.

Data sources, definitions and methodology

This annual sample survey collects the financial and operating data needed to produce statistics on the engineering services industry in Canada. The survey also collects detailed information on the characteristics of the businesses, such as type of revenue and type of client.

These data are aggregated with information from other sources to produce official estimates of the national and provincial economic production of the engineering services industry in Canada. The results from this survey provide data to businesses, governments, investors, and associations. These data allow these groups to monitor the growth of the industry, measure performance, allow comparison across similar businesses and to better understand this industry to react to trends and patterns.

Target population

The target population consists of all establishments classified to the engineering services industry (NAICS 541330) according to the North American Industry Classification System (NAICS) during the reference year. This industry comprises establishments primarily engaged in applying principles of engineering in the design, development and utilization of machines, materials, instruments, structures, processes and systems. The assignments undertaken by these establishments may involve any of the following activities: the provision of advice, the preparation of feasibility studies, the preparation of preliminary and final plans and designs, the provision of technical services during the construction or installation phase, the inspection and evaluation of engineering projects and related services.

Sampling

This is a sample survey.

The frame is the list of establishments from which the portion eligible for sampling is determined and the sample is taken. The frame provides basic information about each firm including address, industry classification, and information from administrative data sources. The frame is maintained by Statistics Canada's Business Register and is updated using administrative data.

The basic objective of the survey is to produce estimates for the whole industry - incorporated and unincorporated businesses. The data come from two different sources: a sample of all businesses with revenue above or equal to a certain threshold (note: the threshold varies between surveys and sometimes between industries and provinces in the same survey) for which either survey or administrative data may be used; and administrative data only for businesses with revenue below the specified threshold. It should be noted that only financial information is available from businesses below the threshold; e.g., revenue, and expenses such as depreciation and salaries, wages and benefits. Detailed characteristics are collected only for surveyed establishments.

Prior to the selection of a random sample, establishments are classified into homogeneous groups (i.e., groups with the same NAICS codes and same geography). Quality requirements are targeted, and then each group is divided into sub-groups called strata: take-all, must-take, and take-some.

The take-all stratum represents the largest firms in terms of performance (based on revenue) in an industry. The must-take stratum is comprised of units selected based on complex structural characteristics (multi-establishment, multi-legal, multi-NAICS, or multi-province enterprises). All take-all and must-take firms are selected to the sample. Units in the take-some strata are subject to simple random sampling.

The effective sample size for reference year 2006 was 673 collection entities.

Definitions

Estimates for the most recent year are preliminary. Preliminary data are subject to revision.

Operating revenue excludes investment income, capital gains, extraordinary gains and other non-recurring items.

Operating expenses exclude write-offs, capital losses, extraordinary losses, interest on borrowing, and other non-recurring items.

Operating profit margin is derived as follows: operating revenue minus operating expenses, expressed as a percentage of operating revenue. The derived figure excludes corporation income tax paid by incorporated businesses and individual income tax paid by unincorporated businesses. For unincorporated businesses, operating profit margin includes unpaid remuneration accruing to partners and proprietors, which is not recorded as salaries, wages and benefits. Therefore, the profit estimate will be higher in industries where unincorporated proprietorships and partnerships are significant contributors.

Salaries, wages and benefits include vacation pay and commissions for all employees for whom a T4 slip was completed. This category also includes the employer portion of employee benefits for items such as Canada/Quebec

Pension Plan or Employment Insurance premiums. Salaries and wages do not include working owners' dividends nor do they include the remuneration of owners of unincorporated businesses. Therefore, the relative level of salaries, wages and benefits will be lower in industries where unincorporated businesses are significant contributors.

An active **statistical establishment** is one production entity or the smallest grouping of production entities which produces as homogeneous a set of goods and/or services as possible; which does not cross provincial boundaries; and for which records provide data on the value of output together with the cost of principal intermediate inputs used and cost and quantity of labour resources used to produce the output.

Data quality

While considerable effort is made to ensure high standards throughout all stages of collection and processing, the resulting estimates are inevitably subject to a certain degree of error. These errors can be broken down into two major types: non-sampling and sampling.

Non-sampling error is not related to sampling and may occur for many reasons. For example, non-response is an important source of non-sampling error. Population coverage, differences in the interpretation of questions, incorrect information from respondents, and mistakes in recording, coding and processing data are other examples of non-sampling errors.

Sampling error occurs because population estimates are derived from a sample of the population rather than the entire population. Sampling error depends on factors such as sample size, sampling design, and the method of estimation. An important property of probability sampling is that sampling error can be computed from the sample itself by using a statistical measure called the coefficient of variation (CV). The assumption is that over repeated surveys, the relative difference between a sample estimate and the estimate that would have been obtained from an enumeration of all units in the universe would be less than twice the CV, 95 times out of 100. The range of acceptable data values yielded by a sample is called a confidence interval. Confidence intervals can be constructed around the estimate using the CV. First, we calculate the standard error by multiplying the sample estimate by the CV. The sample estimate plus or minus twice the standard error is then referred to as a 95% confidence interval. For this survey, the CVs are excellent (less than 5%) for operating revenue and operating expenses and wages, salaries and benefits of employees variables.

Quality evaluation

Prior to dissemination, combined survey results are analyzed for overall quality; in general, this includes a detailed review of individual responses (especially for the largest companies), an assessment of the general economic conditions portrayed by the data, historic trends, and comparisons with other data sources.

Disclosure control

Statistics Canada is prohibited by law from releasing any data which would divulge information obtained under the Statistics Act that relates to any identifiable person, business or organization without the prior knowledge or the consent in writing of that person, business or organization. Various confidentiality rules are applied to all data that are released or published to prevent the publication or disclosure of any information deemed confidential. If necessary, data are suppressed to prevent direct or residual disclosure of identifiable data.

Data accuracy

Of the units contributing to the estimate, the weighted response rate was 84.4%. CVs were calculated for each estimate and are available upon request.

Related products

CANSIM

Available on CANSIM: table 360-0005 - Summary statistics for engineering services (all establishments), by North American Industry Classification System (NAICS), annual (75 series)

Survey(s)

Definitions, data sources and methods: survey number 2439 - Annual Survey of Service Industries: Engineering Services

Publications

Service Industries Newsletter, Catalogue no. 63-018-X.

Analytical paper series - Service Industries Division, Catalogue no. 63F0002X.

Release date: March 2009

Symbols

The following standard symbols are used in Statistics Canada publications:

.	not available for any reference period
..	not available for a specific reference period
...	not applicable
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0s	value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
p	preliminary
r	revised
x	suppressed to meet the confidentiality requirements of the *Statistics Act*
E	use with caution
F	too unreliable to be published

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