

in 1985 at \$16.3 billion, then decreased to \$15.6 billion in 1987, falling almost to 1982 levels.

Farm input prices increased by 10% between 1981 and 1987. Farm operating expenses increased by 9% from 1981 to 1985, then decreased by 5% over the next two years. These drops resulted mainly from decreases in the quantities of many inputs.

Major expense categories which increased from 1981 to 1987 were: wages, pesticides, and interprovincial livestock purchases. Major categories which decreased were: rent, interest, machinery fuel and repairs, fertilizer and feed.

Wage rates for hired farm labour increased by 30% from 1981 to 1987. Total wage expenses rose 38% over the period, as the number of paid employees increased slightly as well. Pesticide expenses went up by 41%, as pesticide prices rose by 26%, and quantities used increased as well. Interprovincial livestock purchase expenses trended downward from 1982 to 1986, then increased substantially in 1987, due to a significant increase in quantities and prices.

Rent expenses increased from 1981 to 1983, were stable from 1983 to 1985, then began to trend downward as lower prices for crops and increased supplies of land, available for rental, began to affect land rental markets. Interest expenses decreased by 31% from 1981 to 1987. This drop resulted from lower interest rates more than offsetting a gradual rising trend in debt outstanding. Total machinery expenses increased 14% from 1981 to 1987, despite a drop of 22% in 1986. Fertilizer expenses peaked in 1985. By 1987, they had fallen 17% below the 1983 level. This was partially attributable to a 9% drop in fertilizer prices. Net feed costs peaked in 1984, then, reflecting lower grain prices and new feed rebate programs, decreased 15% over the next three years.

An important factor influencing farmers' total expenses was the level of direct government rebate payments on farm inputs. Rebates were paid on such expenses as farm property taxes, fuels, interest charges and feed. From 1981 to 1987, the level of total rebate payments on farm inputs increased from \$213 million to \$497 million.

The value of farm capital fell \$26 billion during the seven-year period to \$104 billion in 1987. The decrease was due to a drop in the value of land and buildings, as the value of livestock was constant and the value of machinery increased moderately.

9.5 Other federal services

9.5.1 Agriculture Canada

Responsibilities of the federal agricultural department cover three broad areas: promotional and

regulatory services, assistance programs and research. Promotional and regulatory services apply to crop and livestock improvement, inspection and grading of agricultural products, control of insect pests and diseases of plants and livestock, registration of pesticides and fertilizers, and market development. Assistance programs provide for price stabilization, compensation, and income security in the event of a crop or a farm failure. Research aims at solving practical farm problems by applying scientific research to soil management, agricultural engineering, and crop and animal production. The department also assists farmers through soil conservation and water development projects.

9.5.2 Grains industry

Government involvement in the grains industry predates Confederation and is a record of policies relating to land use and settlements; transportation; grain storage, handling and forwarding; marketing methods and opportunities; income security; and the many ramifications of international competition and the search for international co-operation in the sale of grain. The Grains and Oilseeds Branch of Agriculture Canada has responsibility for co-ordination of the federal government's role in the grains industry.

In August 1987, the Grain Marketing Bureau was transferred from External Affairs to the Grains and Oilseeds Branch to further the co-ordination of international and domestic policies. The branch's National Grain Bureau in Winnipeg collaborates with industry in the development of domestic grain policy. Two semi-autonomous bodies which report to Parliament through federal ministers, the Canadian Grain Commission and the Canadian Wheat Board, have major roles in the Canadian grains industry.

The Canadian International Grains Institute contributes to the maintenance and expansion of markets for Canadian grains and oilseeds and their products. The Institute, which was incorporated in 1972, is located in the Canadian Grain Commission Building in Winnipeg, and is affiliated with the Wheat Board and the Grain Commission. Financial responsibility is shared by the federal government and the Wheat Board. In its classrooms, conference rooms and laboratories, it offers instructional programs to participants from grain purchasing countries and to Canadians associated with the grain industry. The Institute includes an 8.16 tonne, 24-hour-capacity flour mill and a pilot bakery.

The Canada Grains Council which was established in 1969, provides a forum for co-ordination,