

\$\$\$ Kahnawake's Economy \$\$\$

1st of a 5 Part Series

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The information presented throughout this series is based on data collected through the Household Survey conducted in late 2005 and early 2006. This data represents a total of 968 completed surveys using a face-to-face interview; it was entered into a database, and analyzed by a Steering Committee organized by senior management at Tewatohnni'saktha. A full socio-economic report is available for viewing. This series was prepared by Ron Abaira and sponsored by Tewatohnni'saktha Small Business Services.

INTRODUCTION

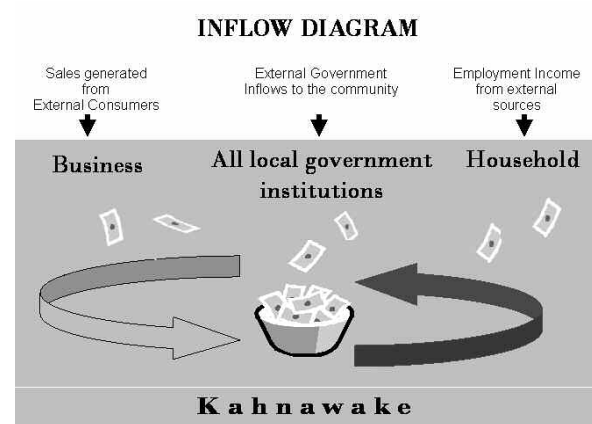
This is the first in a five part series of articles that will discuss the Kahnawake economy and the subject of "economic leakage" or simply "leakage." Leakage essentially refers to money that "leaks out" of our economy through spending for goods in the external environment.

The objective of this series is to provide information on the subject of leakage and the implication it has on the Kahnawake economy. The other major objective is to promote the idea of "Shop Kahnawake First" as a strategy to improve the economic development of the community and to further promote small business development within Kahnawake.

Much of the background information used for these articles is based on the household survey conducted during the autumn of 2005 and into January 2006. Tewatohnni'saktha completed this survey as a follow-up to the year 2000 survey and comparisons will be made to show the growth of the Kahnawake economy over the past five years.

INFLOWS

"Kahnawake essentially has 3 main sources of external income. Government transfers into the community, business income derived from consumers who are not from Kahnawake, and household income derived from employment that takes place outside of the community."



We can take some measurement on two of these sources, government transfers, and household income from sources external to Kahnawake. Business income from external consumers is unknown but clearly has increased during the past few years.

The focus of this series will be on the household unit, as this is where the spending patterns can be impacted through a "Shop Kahnawake First" campaign.

IN SUMMARY, THIS DESCRIBES THE MONEY COMING INTO THE KAHNAWAKE ECONOMY, THE REMAINDER OF THIS SERIES FOCUSES ON THE MONEY GOING OUT (LEAKING OUT) OF THE KAHNAWAKE ECONOMY.

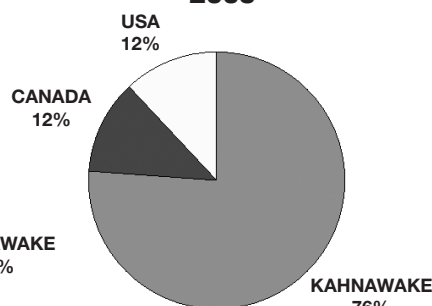
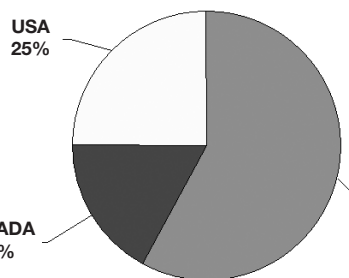
HOUSEHOLD INCOME SOURCES

"Income from Kahnawake increased significantly, and also as a percentage of income going from 58% to 76%. This can likely be attributed to the increases in the cigarette industry and a slight decline in ironwork."

The primary source of household income into Kahnawake continues to be based on government revenue that flows through the institutions and into households in the form of wages. In addition to government flow through, there are wages paid from local businesses. As shown in the chart, most of the household income is generated locally, over 75%.

INCOME SOURCES (To Households) – By Location of Source 2000

INCOME SOURCES (To Households) – By Location of Source 2005



Some details regarding income are not shown but it can be reported that there have been significant increases in Income with some changes in the sources and location. There was a huge increase in Wage Income from within Kahnawake, likely attributable to the increase in the cigarette industry, and a decrease from Wage Income from the USA that is likely linked to less ironwork.

Ironwork has always followed cycles and while conducting the survey it was providing approximately 12% of household income. It was assumed that the income labeled as coming from the USA was primarily ironwork related although there could be other sources. This number will continue to rise and fall depending on the availability of work and the desire of workers from the community to make the trip down to the US.

The portion labeled Canada was intended to refer to household income derived from working in the region or other locations in Canada. It may be overstated as it may include transfer support payments that flow through Kahnawake.

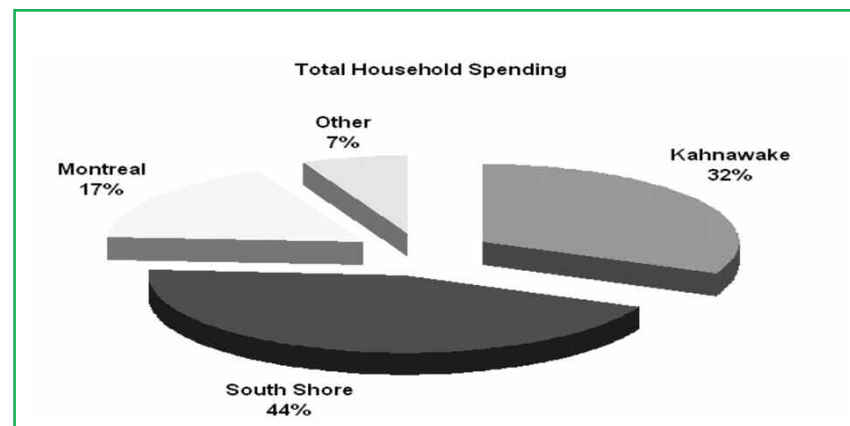
IN SUMMARY, HOUSEHOLD INCOME INCREASED SIGNIFICANTLY FROM THE LAST SURVEY AND IS PRIMARILY GENERATED LOCALLY AT 76%. THE REST OF OUR FOCUS WILL BE ON HOW AND WHERE HOUSEHOLDS SPEND.

SPENDING CATEGORIES/LEAKAGE

The spending categories used in the household survey were again based on the same categories used by Statistics Canada; this allows Tewatohnni'saktha to make interesting comparisons with Canada, and with the previous survey.

Total spending went up to approximately \$105 million. This amount is estimated based on extrapolating the raw data from 968 households up to 2,190.

The basic overview is shown in the table and chart below; more detailed information will be presented in the coming weeks.



KAHNAWAKE	SOUTH SHORE	MONTREAL	OTHER	TOTAL
\$33,181,044	\$46,620,664	\$18,182,048	\$6,905,280	\$104,889,036

In 2005, it can be seen that about 32% of household spending takes place in Kahnawake. Actual spending in Kahnawake increased significantly from \$20 million to roughly \$33 million but there was a slight decline in percentage spent in Kahnawake down from 33.7% in 2000. Note that this means there was a significant increase in spending, there was also a slight increase in leakage; however, this can be seen as negligible as we cannot state the accuracy of the survey to be that precise. The other 68% is spent out into the surrounding areas.

The clearest beneficiary of all the increases was the south shore area, combining Chateauguay with St. Constant, Cote Ste. Catherine and beyond. The recent commercial developments in those areas have obviously attracted the community consumer to shop there. The combined Chateauguay/St. Constant spending increased from roughly 28% to 44% and is over \$46 million per year.

The second part of the series will begin to look at the spending categories in more detail.

DID YOU KNOW!!

Even though it is an estimate, we can say that it could be upwards of \$70 million per year spent by Kahnawake households outside of the community.

Next week: Spending-Leakage
Series 2 of 5
Nov 14th – Eastern Door Vol. 17, No. 43

