

# \$\$\$ Leakage Factors Part 2 \$\$\$

4th of a 5 Part Series

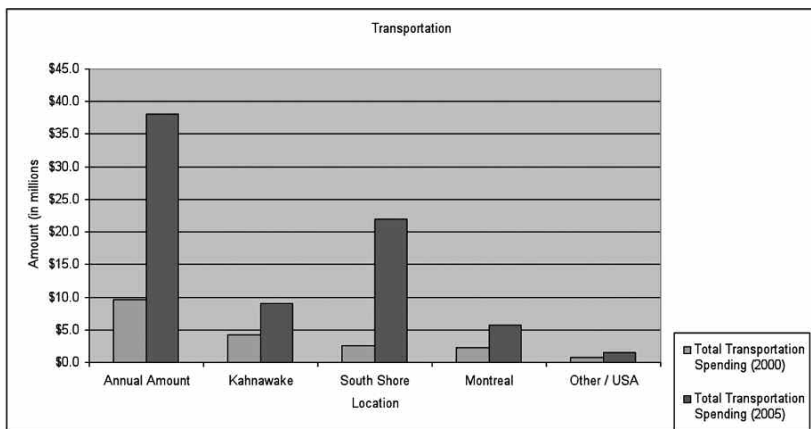
SERIES: • 1. Kahnawake's Economy • 2. Spending-Leakage • 3. Leakage Factors Part 1 • **4. Leakage Factors Part 2** • 5. Shop Kahnawake First

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 fourth segment of the series on economic leakage and will continue the focus on specific sectors in the Kahnawake economy. As we can see below, transportation is the biggest category of spending, and had a staggering 295% increase over 2000. It appears that the increase in income into Kahnawake is translated into much more money spent on vehicles.

### TRANSPORTATION – COMPARISON OF SPENDING BY LOCATIONS



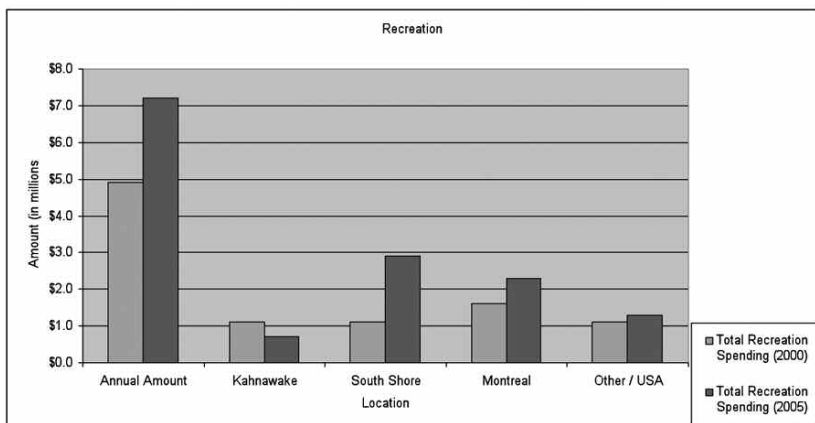
2005	Kahnawake	South Shore	Montreal	Other / USA
Transportation	\$38.1	\$21.9	\$5.7	\$1.5
	100.0%	57.5%	15.0%	3.9%

2000	Kahnawake	South Shore	Montreal	Other / USA
Transportation	\$9.6	\$2.5	\$2.3	\$0.7
	100.0%	25.6%	23.4%	7.1%

(all dollar amounts in millions)

- These figures indicate a staggering increase from 2000 and support the reality that the availability of disposable income in Kahnawake has translated into a huge increase in spending on vehicles and related costs.
- The spending on just owning (or leasing) vehicles (a sub-category of the total spending shown here) is estimated at \$30.6 million per year, which calculates to roughly \$590,000 per week that the community as a whole is spending on vehicles.
- This same amount (\$30.6 million) calculates to \$13,972 per household, or \$1,164 / month. It might seem high, but that represents an average per household, some households may spend much more, some less.

### RECREATION - COMPARISON OF SPENDING BY LOCATIONS



2005 - Recreation	Kahnawake	South Shore	Montreal	Other / USA
	\$7.2	\$2.9	\$2.3	\$1.3
	100.0%	40.3%	31.9%	18.1%

2000 - Recreation	Kahnawake	South Shore	Montreal	Other / USA
	\$4.9	\$1.1	\$1.6	\$1.1
	100.0%	22.5%	33.4%	22.4%

(all dollar amounts in millions)

- Spending on Recreation increased by 48% up to roughly \$7.2 million. This amount calculates to approximately \$3,300 per household per year. The slight decrease and low amount within Kahnawake may be explained by the timing of the survey, which was done from late fall 2005 and into January 2006. The summer spending period may have been estimated a bit low.

## COMPARISONS

As noted in the first part of this series, Tewatohnni'saktha made the decision in 2000 to compile spending patterns using the same fourteen (14) categories that Statistics Canada uses. This allows us to compare Kahnawake spending over a period of time, and as well allows for comparisons between the typical Kahnawake household and typical Canadian household.

The table labeled "Household Spending" shows the difference in spending between a typical Kahnawake and Canadian household, shown in percentages.

### Household Spending - Percentage by Category

ITEM	KAHNAWAKE	CANADA	ITEM	KAHNAWAKE	CANADA
Food	15.7%	10.9%	Insurances / Pensions	3.2%	5.7%
Clothing	4.3%	3.9%	Recreation	6.9%	5.8%
Shelter	13.5%	19.2%	Tobacco / Alcohol	3.3%	2.3%
Household Operation	3.2%	4.6%	Reading Materials	0.8%	0.4%
Furnishings / Equipment	2.3%	2.9%	Miscellaneous	0.3%	1.6%
Personal Care	2.1%	1.4%	Games Of Chance	3.2%	0.4%
Health Care	1.0%	2.7%	Personal Taxes	0.2%	20.3%
Education	0.7%	1.7%	Gifts / Contributions	3.1%	2.6%
Transportation	36.3%	13.6%	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

For example, the average Kahnawake household spends 15.7% of their spending on food, whereas the average Canadian household only spends 10.9%.

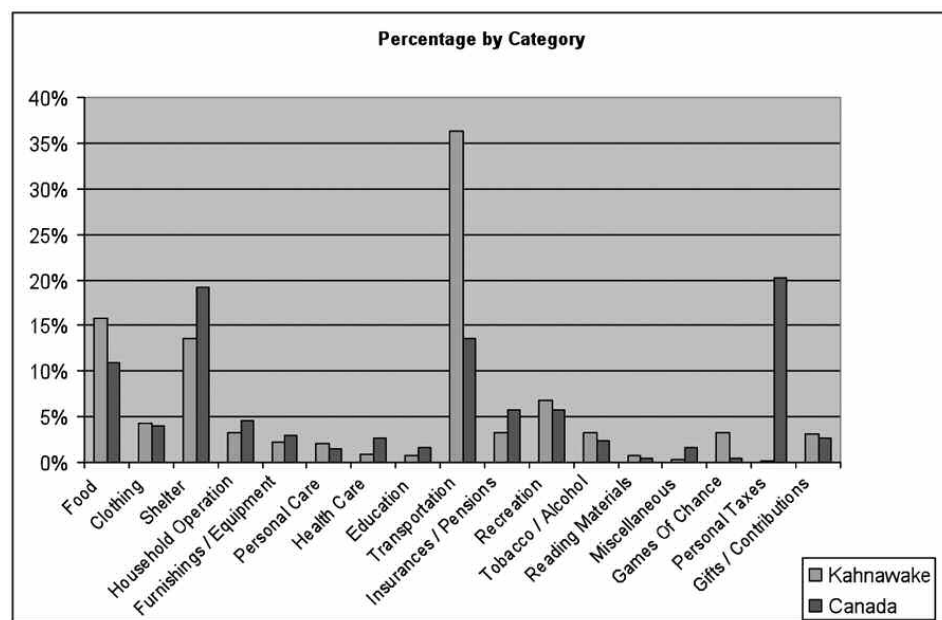
This information shows that the average Kahnawake household spends almost nothing on Personal Taxes, and has lower Shelter and Household Operations expenses. The additional disposable income is then turned into increases in spending on Food (much of which is eating out in restaurants), Transportation (significant difference between Kahnawake and Canada), and Games of Chance (which we saw in last week's article).

Some of this additional spending is done in the community, a lot is spent outside.

The following graph shows a visual representation of these differences.

## SPENDING CATEGORIES

Comparison of Spending by Categories (Between Kahnawake and Canada)



In conclusion, it can be seen that additional disposable income is translated into heavy spending in Transportation, Food, Recreation and Games of Chance. Additional disposable income provides an opportunity to spend more in the community if the consumer decides to do so. In the 5th article, we'll examine the benefits of "Shop Kahnawake First."

## DID YOU KNOW!!

The overall spending on Transportation is enormous. Approximately 36% of all Kahnawake spending is associated with vehicle related costs, and transportation in general.

Next Week: Shop Kahnawake First

Series 5 of 5

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