

ECONOMIC IMPACT OF
THE NATIONAL MINING ASSOCIATION'S
MINExpo INTERNATIONAL® 2012
IN LAS VEGAS

EXECUTIVE SUMMARY

Applied Analysis was retained by the Nevada Mining Association (the “NMA”) to review and analyze the economic impacts associated with mining operations in Nevada as well as the mining industry more generally. This brief is the first in the series of reports; it is specific to the economic impact of the National Mining Association’s MINExpo INTERNATIONAL® 2012, an international event that will take place in Las Vegas, Nevada from September 24th to the 26th. Taking into account the latest MINExpo® 2012 attendance projections as well as the most recent convention visitor spending data reported by the Las Vegas Convention and Visitors Authority (the “LVCVA”), AA has developed an estimate of the economic impact of the quadrennial MINExpo in its 2012 host city, Las Vegas, as well as the surrounding southern Nevada region.

- **MINExpo is widely considered the largest mining trade show in the world.** Featuring more than 1,800 exhibitors over a three-day period, the event includes educational sessions, first-hand demonstrations, a showcase of new products and services, and opportunities to network with industry experts and leaders.
- **Spending an estimated \$33.8 million on lodging, food and beverage, entertainment, gaming, shopping and local transportation while in Las Vegas, the 40,000 expected attendees will generate an estimated \$51.8 million in direct, indirect and induced economic output (business receipts) combined.** Based on survey averages, each convention attendee is conservatively estimated to spend roughly \$845 during their stay. It is worth noting that the costs incurred to develop exhibits for the show represent additional significant impacts not quantified herein.
- **MINExpo 2012 is expected to directly and indirectly support nearly 500 jobs throughout the local economy.** Though not a direct cause-and-effect relationship, the influx of spending by attendees is estimated to ultimately help directly support 291 full-time positions in the tourism industry paying \$11.2 million in wage and salary payments. When indirect and induced impacts are included, the number of jobs supported increases to 478, while total wages and salaries reach an estimated \$16.7 million.

MINExpo®

MINExpo® is a mining industry trade show sponsored by the National Mining Association. The event, held just once every four years, is widely considered the largest mining trade show in the world. Since 1996, the show has taken place exclusively in the indoor halls and outdoor areas of the Las Vegas Convention Center (“LVCC”).

MINExpo 2012 is expected to draw more than 1,800 exhibitors who will fill 850,000 square feet of exhibit space in 12 indoor halls and outdoor areas throughout the LVCC. With Nevada being home to many of the largest mineral deposits in the world as well as one of the largest convention centers in the country – not to mention enough hotel room inventory to comfortably accommodate all attendees – Las Vegas is an ideal fit for a trade show like MINExpo.

The trade show will offer a variety of educational sessions, covering topics such as safety, environmental conservation, efficiency and market and industry updates. In addition to an expected record number of exhibits, MINExpo plans to offer first hand demonstrations; new products and services; solutions for productivity, profitability, safety and environmental concerns; and networking with individuals from across the globe who are members of the mining community.

The network of suppliers of both services and products to the mining industry is extensive. Though many may think only of an actual coal or gold mine when they think of the mining industry, the planning and processes that occur behind the scenes are integral to mine operation. While not open to the general public, those who register for the event will have access to industry experts, as well as an opening session conducted by industry leaders.

ESTIMATED ECONOMIC IMPACT OF MINExpo® 2012

MINExpo® 2012 is expected to generate just over \$51.8 million in economic output, directly and indirectly supporting 478 jobs in the Southern Nevada region paying \$16.7 million in wage and salary payments. Based on expected attendance figures estimated by the National Mining Association as well as estimated spending per attendee modeled on survey-based estimates of convention visitor spending reported by the LVCVA, the event is expected to generate the following impacts within the Las Vegas region.

DIRECT IMPACTS: Direct spending by event attendees includes in-town expenditures on everything from lodging, food, beverages, entertainment, gaming and shopping, to local transportation. The 2012 show's 40,000 attendees are expected to spend approximately \$845 per person per trip, totaling \$33.8 million in direct economic impact and supporting 291 positions in the local economy. Direct spending by attendees is estimated to support just over \$11.2 million in wage and salary payments to local workers.

INDIRECT IMPACTS: Commonly referred to as the "ripple effect," indirect impacts include economic activity sourced to the suppliers of goods and services to the establishments where attendees are making direct purchases. For example, a hotel or restaurant may purchase food, uniforms and cleaning materials from local suppliers, thereby supporting additional jobs throughout the community. Indirect impacts sourced to MINExpo 2012 are estimated to reach \$8.2 million in economic output, supporting 80 jobs paying \$2.6 million in wages and salaries.

INDUCED IMPACTS: Another type of secondary impact, induced impacts refer to the economic activity generated when an employee of a hotel where a visitor is staying, for example, takes his or her paycheck and spends it at the grocery store, the movie theatre or the local shopping mall. In turn, visitor spending supports jobs and commerce in establishments a visitor may normally not encounter during his or her stay. Induced impacts generated by MINExpo 2012 are estimated to total \$9.8 million in economic output, supporting 107 jobs paying \$2.9 million in wages and salaries.

TOTAL IMPACTS: Combined, the direct, indirect and induced impacts expected to be generated by in-town spending sourced to MINExpo 2012 attendees total \$51.8 million in economic output. This economic activity supports 478 jobs in the southern Nevada region paying \$16.7 million in wage and salary payments. These impacts are significant by any measure; the fact that they are sourced to a single event makes them even more impressive.



METHODOLOGY AND ANALYSIS LIMITATIONS

Expected attendance at MINExpo® 2012 was obtained from the Nevada Mining Association. In order to estimate the impact of attendees, this analysis utilized survey-based responses reported in the 2011 Las Vegas Visitor Profile Survey¹ that have been conservatively adjusted by AA for known control totals (e.g., actual gaming revenue, lodging expenditures based on room tax totals, and actual industry employment). Baseline domestic and international travel volume, visitor spending data and room tax collections were obtained from the Las Vegas Convention and Visitors Authority, the Nevada Gaming Control Board and the Nevada Commission on Tourism. General and industry-specific employment and wage data reported on a quarterly basis were obtained from the Nevada Department of Employment, Training and Rehabilitation.

To identify the interrelationships in a regional economy, the IMPLAN (Impact Analysis for Planning) software, databases, and methodology were used. IMPLAN is one of three generally accepted applications that are used to model how industries within an economy are interrelated. The model attempts to demonstrate mathematically how the outputs of one industry become the inputs of other industries.

IMPLAN employs a regional social accounting system that is used to generate a set of balanced accounts and multipliers. The social accounting system is an extension of input-output analysis. Input-output analysis has been expanded beyond market-based transaction accounting to include non-market financial market flows by using a social accounting matrix framework. The model is designed to describe the transfer of money between industries and institutions (e.g., households) and contains both market-based and non-market financial flows, such as inter-institutional transfers. IMPLAN uses regional purchase coefficients generated by complex econometric equations that predict local purchases based on a region's characteristics. In this case, the region is Clark County, Nevada. Output from the model includes descriptive measures of the economy including total industry output, employment and value-added contributions for over 500 industries.

This analysis used the best available data to estimate the economic impact of MINExpo 2012. It relies heavily on data reported by third-party data providers; and, although we have no reason to doubt the accuracy of these data, they have not been subjected to any auditing or review procedures by AA.

Input-output models, as is the case with all economics-based models, are not without their limitations. The static model used in this analysis, IMPLAN, for example, assumes that capital and labor are used in fixed proportions. This means that for every job lost or created, a fixed change in investment, income and employment will result. In reality, developers, operators, consumers and governments deal with a changing economy in very complex ways, constantly altering their mix of capital, labor, and levels of investment.

¹ See, 2011 Las Vegas Visitor Profile Survey (www.lvcva.com) prepared for the LVCVA by GLS Research.

