

# Gina Rinehart's dairy investment contrasts with undervalued breast milk

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Growing: China's market for infant formula doubled in five years and is expected to double again in three years.

*Photo: Rayes*

Gina Rinehart is on to something. The woman who picked the mining boom by betting on iron ore at a time when few realised what was about to happen in China, she is now betting on powdered milk.

So fast is China's market for infant formula growing that it doubled in five years and is expected to double again in three years. It's why foreign companies are falling over themselves to take over Australian milk producers.

And it's why the richest Australian is spending half a billion to build Hope Dairies from scratch. Bloomberg reports it'll take up 5000 hectares of Queensland farmland pumping out [an extraordinary 30,000 tonnes of infant formula per year](#), all of it bound for China, gazumping Australia's present milk powder exports to China of 18,000 tonnes per year.

It would be great if it actually helped Chinese infants. But it won't. Infant formula is one of those rare products the use of which usually hurts rather than helps the user. And unlike others such as alcohol and unhealthy foods the user has no choice but to use it.

Formula milk displaces breast milk, a wonder-food specifically designed for emerging human beings. Formula-fed babies are less resistant to infection, more likely to suffer from diarrhoea and pneumonia and more likely to die of sudden infant death syndrome. Later in life they are more likely to contract [diabetes, multiple sclerosis, heart disease and cancer](#). And they are likely to have lower IQs.

And that's where formula milk is prepared properly. Where it isn't – where water is tainted or where hygiene is bad – the results can be lethal. In 2008 around [54,000 Chinese babies were hospitalised after ingesting a chemical added](#)

[to formula to give it a higher apparent protein content.](#)

Yet the way we treat formula milk and breast milk in our national accounts is bizarre.

When more formula milk is produced or consumed we say that Australia's (or China's) gross domestic product has gone up. GDP is regarded as a measure of standard of living.

But our standard of living will have got worse. Breast milk is an incomparably superior product that formula necessarily displaces, and it isn't counted in GDP.

But it should be. Breast milk can be stored, exchanged and traded, like other foods. In Norway hospitals sell it for around US\$100 per litre.

An Australian study back in 1992 put the value of breast milk at \$67 per litre. (By way of comparison wine often costs \$20 per litre, petrol costs \$1.60.) Multiplied by the number of litres produced it implied that more than \$2 billion was missing from Australia's national accounts, around 0.5 per cent of GDP. At the time the sales of formula were worth \$135 million.

The author, Julie Smith, says estimating the production and consumption of human milk is straightforward. It's the only food for which production equals consumption. There are no "post-harvest losses" and no "plate waste". It's simply a matter of estimating the daily volumes of breast milk produced per mother, the number of mothers breastfeeding and the market price. Australia has milk banks in Perth, Brisbane, the Gold Coast and Sydney's Royal Prince Alfred Hospital and Melbourne's Mercy Hospital for Women in Heidelberg .

The Bureau of Statistics already counts around \$1 billion of backyard production in the GDP; things such as the on-farm consumption of eggs, fruit and milk.

This year it says it was thinking about going further, including [the value the electricity produced by household solar panels and the water collected in backyard water tanks.](#)

Its guidelines say it should include things in the GDP where there is "a reasonably satisfactory basis for valuing the transaction" and where "exclusion could result in distortions to the national accounting figures."

Yet it doesn't yet count breast milk. Dr Smith says this means that when farmers' children are fed milk from a cow, it counts in GDP. [But when their children are fed by their mothers it does not.](#)

The invisibility of one type of milk but not the other means less care is taken to support it. That could be through providing quality maternity care and mother and child health programs, through providing access to unpaid and paid maternity leave or through providing breastfeeding-friendly workplaces.

It also means that funds are likely to be directed to supporting the alternative, should its fortunes turn down, even though it usually harms rather than helps its users. In the United States governments assist the dairy industry by distributing free or low-cost formula to households with children.

And it also means that we can't work out what's missing – how much better off Australia (and China) would be if more mothers breastfed and fewer used formula.

What is counted and can be traded matters. Gina Rinehart knows that. It's why she dived into iron ore, eclipsing the exposure of her father. She can see an opportunity in formula milk as well.

If breast milk was counted and could be traded we would see an opportunity in that too. We should. It's worth more.

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