

une

University of
New England

Optimizing Breeding Programs

COST-BENEFIT

Armidale Animal Breeding Summer Course 2014

Cost - Benefit of breeding programs

Cost of breeding programs for genetic improvement

Fixed costs (logistics, scientists etc. etc.)

Cost related to breeding strategy

- cost of phenotyping
- cost of genotyping
- cost of reproduction

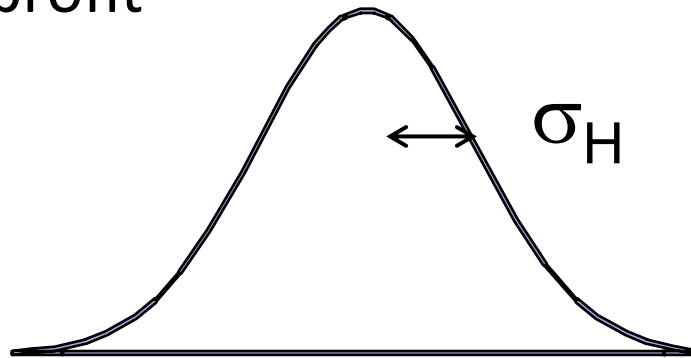
Benefits

Benefit of more genetic gain

Market share

Benefits of genetic gain

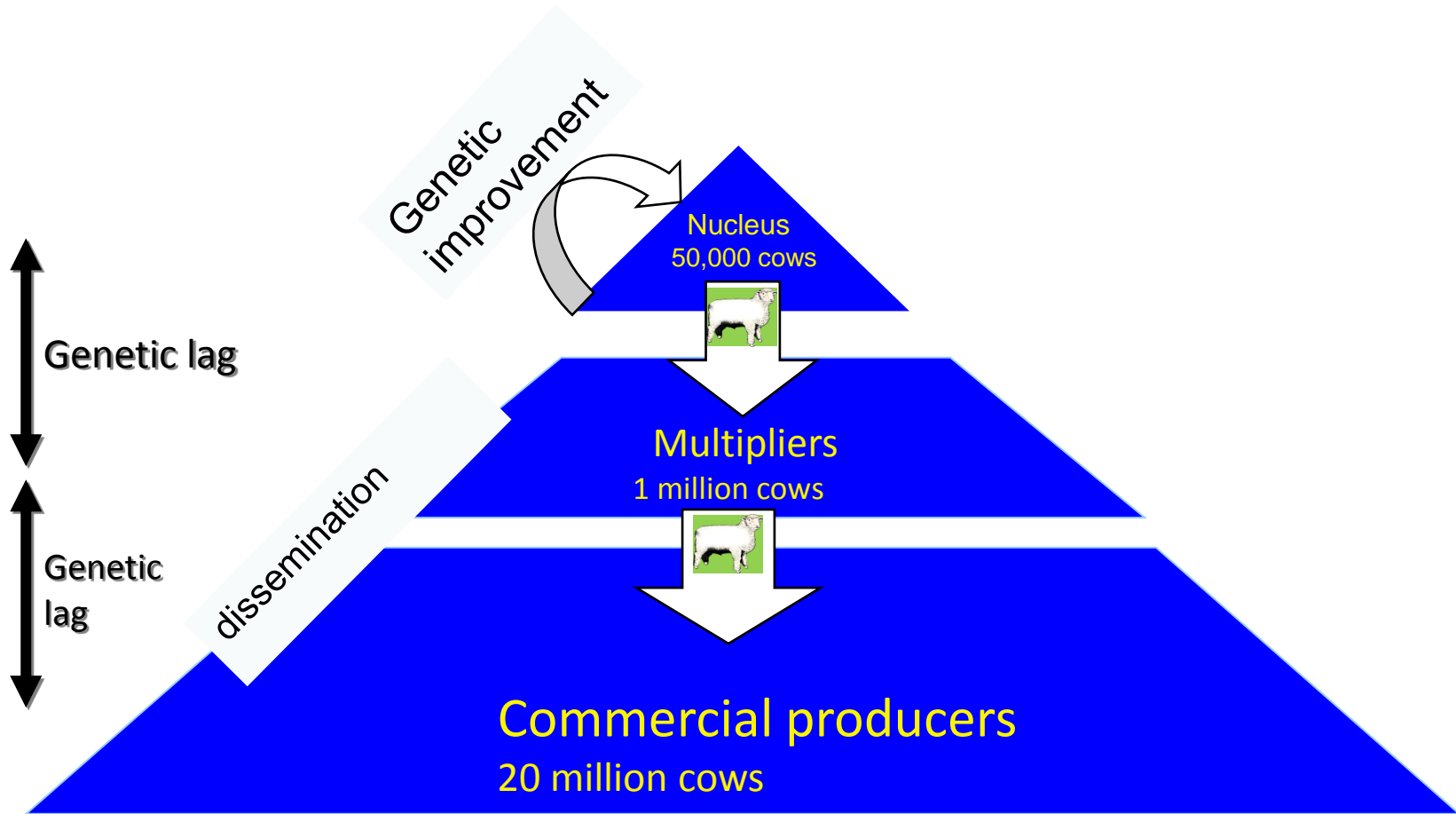
- Assuming the benefit is expressed by the breeding objective (economic values of trait improvement)
- Variation in breeding objective is variation in genetic merit for profit



Difference between best and worst is about $6 \sigma_H$

Benefits of genetic gain

- Benefit is transmitted is multiplied over many animals



Benefits of genetic gain

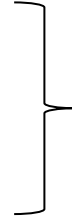
- Benefit is cumulative

					selection
				selection round 5	
			selection round 4		
		selection round 3			
	selection round 2				
selection round 1					
yr1	yr2	yr3	yr4	yr5	yr6
		= dG/yr			

Benefits of genetic gain

Benefit is

- Cumulative
- Multiplied over many



Benefits can be expected to be large

• But:

- Are they achieved?
- Who gets the benefit?
 - Breeders, Producer? Retail? Consumer?

Economic value of genetic improvement

- Value difference between two bulls
- Value of selecting better bulls
 - Bulls sold to Commercial
 - Bulls used in Stud
- Value of genetic improvement – whole herd

Two Commercial Bulls

	<u>EBV YWT</u>		
Bull 1: Kevin	+10 kg		
Bull 2: Tony	+15 kg		
Nr Progeny:	100		
Value of 1 kg YWT	\$4		
Difference in progeny	2.5 kg		
Difference in value: as commercial bulls	5*\$4	* 100	* 0.5
	Selection Difference	Nr of Progeny	Expression per progeny
	= \$1000.-		

Two Commercial Bulls

\$Index

Bull 1: Kevin

+190

Bull 2: Tony

+180

Nr Progeny:

100

Difference in progeny

\$5

Difference in value:
as commercial bulls

\$10

* 100

* 0.5

Selection
Difference

Nr of
Progeny

Expression
per progeny

= \$500.-

Selecting Better Bulls

			<u>\$Index</u>
Average of 100 rams sold:	With Genomics		+182
	No Genomics		+180
Nr Progeny:	100 per bull		
Difference in progeny	\$1.0		
Difference in value: as commercial bulls	\$2	* 100	* 0.5
	Selection Difference	Nr of Progeny	Expression per progeny
	= \$100.- * 100 rams = \$10,000.		

So principles are

Value of a superior bull

= Selection Difference * Nr.Progeny * expressions per progeny

We look at all expressions in commercial progeny

To evaluate benefit we need to predict

- the extra Selection Difference we can get
this will depend a lot on extra accuracy
- the number of expressions

How about selection of stud bulls?

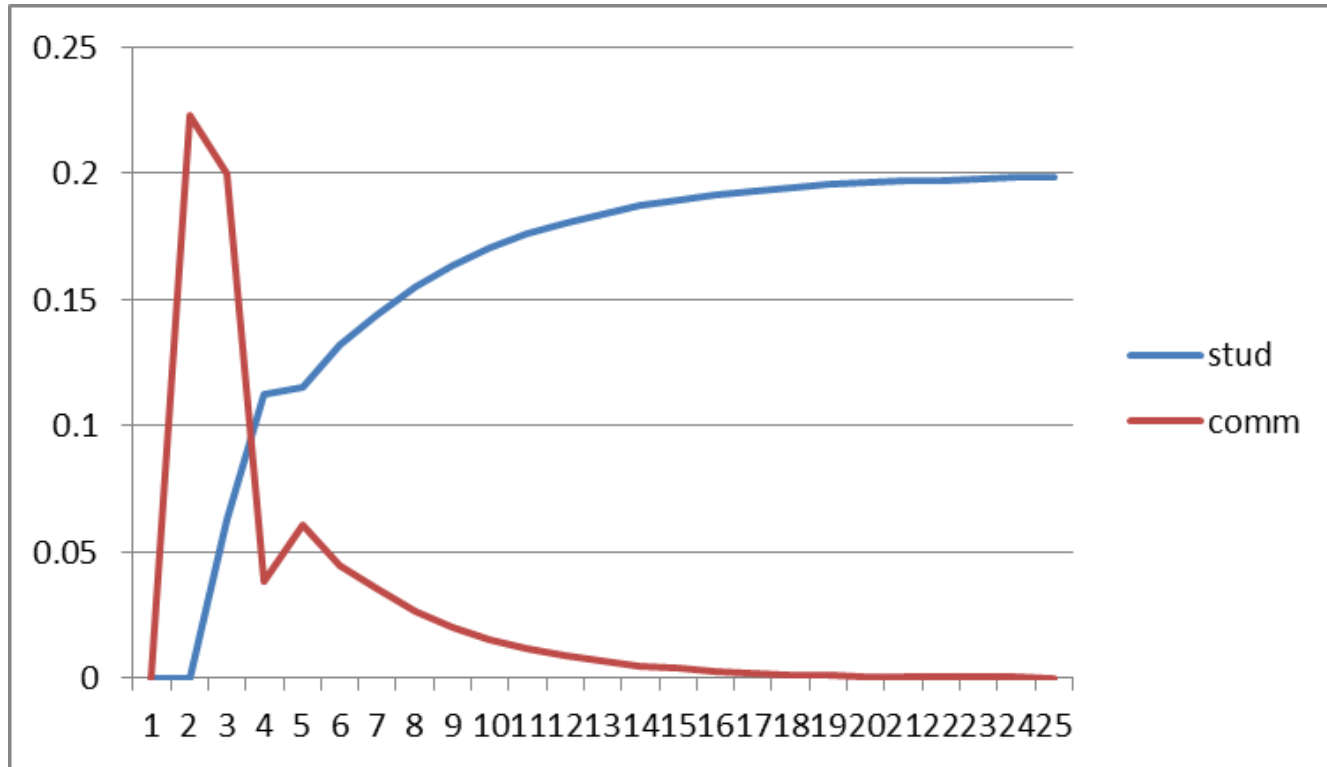
Value of a superior bull

= Selection Difference * Nr.Progeny * expression per progeny



Progeny in commercial, so for a stud bulls
these are actually
grand progeny,
great grand progeny, etc

(allele) frequency of one unit of superiority as expressed in commercial herd



The fate of superiority from commercial bull vs a stud bull

Noting that a commercial bull also transmits the superiority from a stud bull ?!

GENEFLOW



Donors of genes

		Sires of Nucleus					Dams of Nucleus										
P matrix		1	2	3	4	5	1	2	3	4	5	6	7	8	9	10	
Recipients of genes	1	0	0.5	0	0	0	0	0.166667	0.166667	0.166667	0	0	0	0	0	0	
	2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	
	4	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	
	5	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	
	6	0	0.5	0	0	0	0	0.166667	0.166667	0.166667	0	0	0	0	0	0	0
	7	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	
	8	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	
	9	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	
	10	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	

GENEFLOW

Donors of genes

Recipients of genes

Sn<Sn	Sn<Dn	Sn<Sc	Sn<Cm	Sn<Cf	Sn	Sires of Nucleus		
Dn<Sn	Dn<Dn	Sf<Sc	Dn<Cm	Dn<Cf	Dn	Dams of Nucleus		
Sc<Sn	Sc<Dn	Sc<Sc	Sc<Cm	Sc<Cf	Sc	Stud born males to sire commercial		
Cm<Sn	Cm<Dn	Cm<Sc	Cm<Cm	Cm<Cf	Cm	Commercial born males		
Cf<Sn	Cf<Dn	Cf<Sc	Cf<Cm	Cf<Cf	Cf	Commercial born females		

GENEFLOW

Donors of genes

Recipients of genes

P matrix	donors of genes																								
	Sires of Nucleus					Dams of Nucleus					Stud born males to sire commercial					Commercial born males					Commercial born females				
	1	2	3	4	5	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
1	0	0.5	0	0	0	0	0.166667	0.166667	0.166667	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	0	0.5	0	0	0	0	0.166667	0.166667	0.166667	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	0	0.5	0	0	0	0	0.166667	0.166667	0.166667	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
15	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.5	0	0	0	0	0	0	0	0	0	0
17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0
19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0
20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0
21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

P = matrix describing transmission of genes

GENEFLOW

- R = a matrix defining gene transmission of some superiority (or particular allele)

- Q = a matrix describing aging

		Sires of Nucleus					Dams of Nucleus			
P matrix		1	2	3	4	5	1	2	3	4
	1	0	0.5	0	0	0	0	0.166667	0.166667	0.166667
	2	1	0	0	0	0	0	0	0	0
	3	0	1	0	0	0	0	0	0	0
	4	0	0	1	0	0	0	0	0	0
	5	0	0	0	1	0	0	0	0	0
	1	0	0	0	0.5	0	0	0.166667	0.166667	0.166667

- P = matrix describing transmission of genes
 - $P=R+Q$

$$m_t = P m_{t-1} + R n_{t-1}$$

- m vector of allele frequency in each age class
- n vector to describe inserting allele or superiority

Cumulative Discounted Expressions CDE

Value (V) in year t is worth now $V.c$ where $c=1/(1+d)^t$

d = discount rate

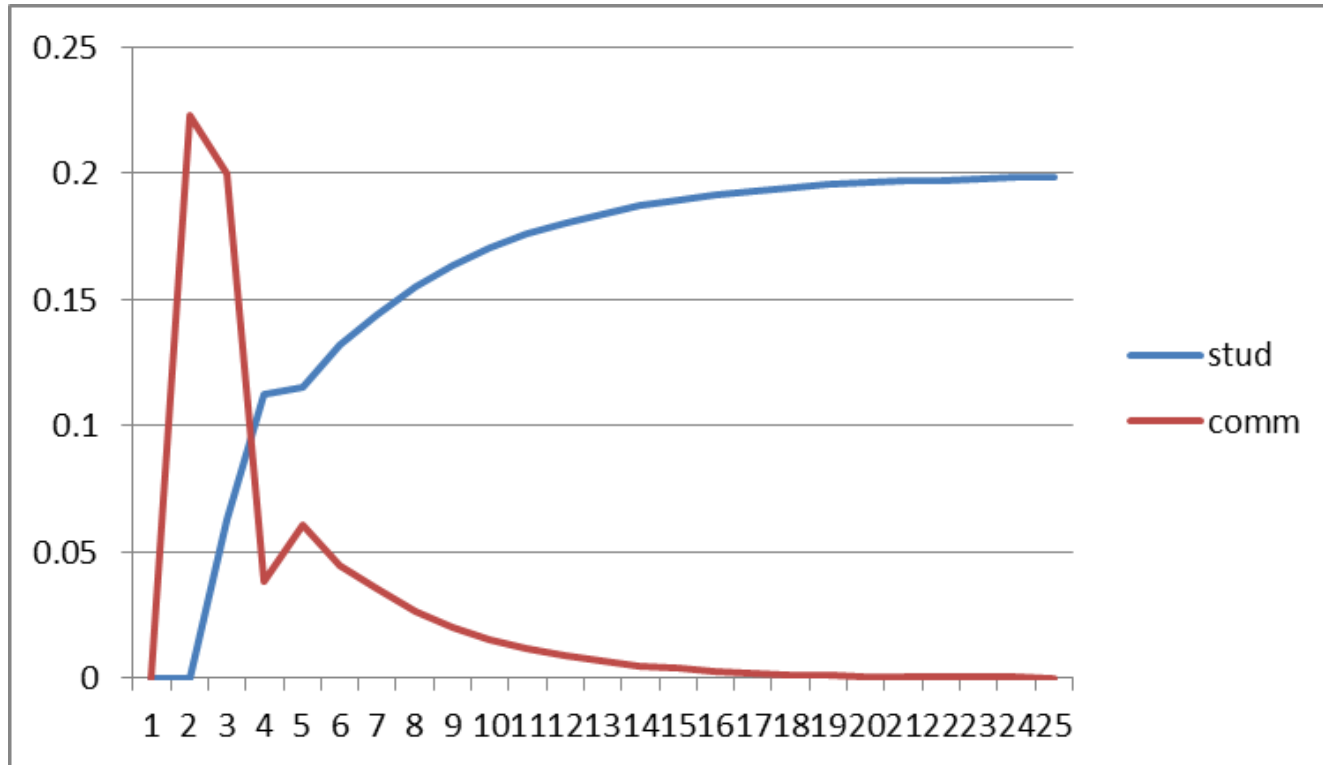
c = discount factor

Expression in age class i in year t is $m(i)_t = E_{it}$

Net Present Value of Sum of expression over 25 years

$$CDE = \sum_{t=1}^{25} \sum_{i=1}^{nac} E_{it} c_t$$

(allele) frequency of one unit of superiority as expressed in commercial herd

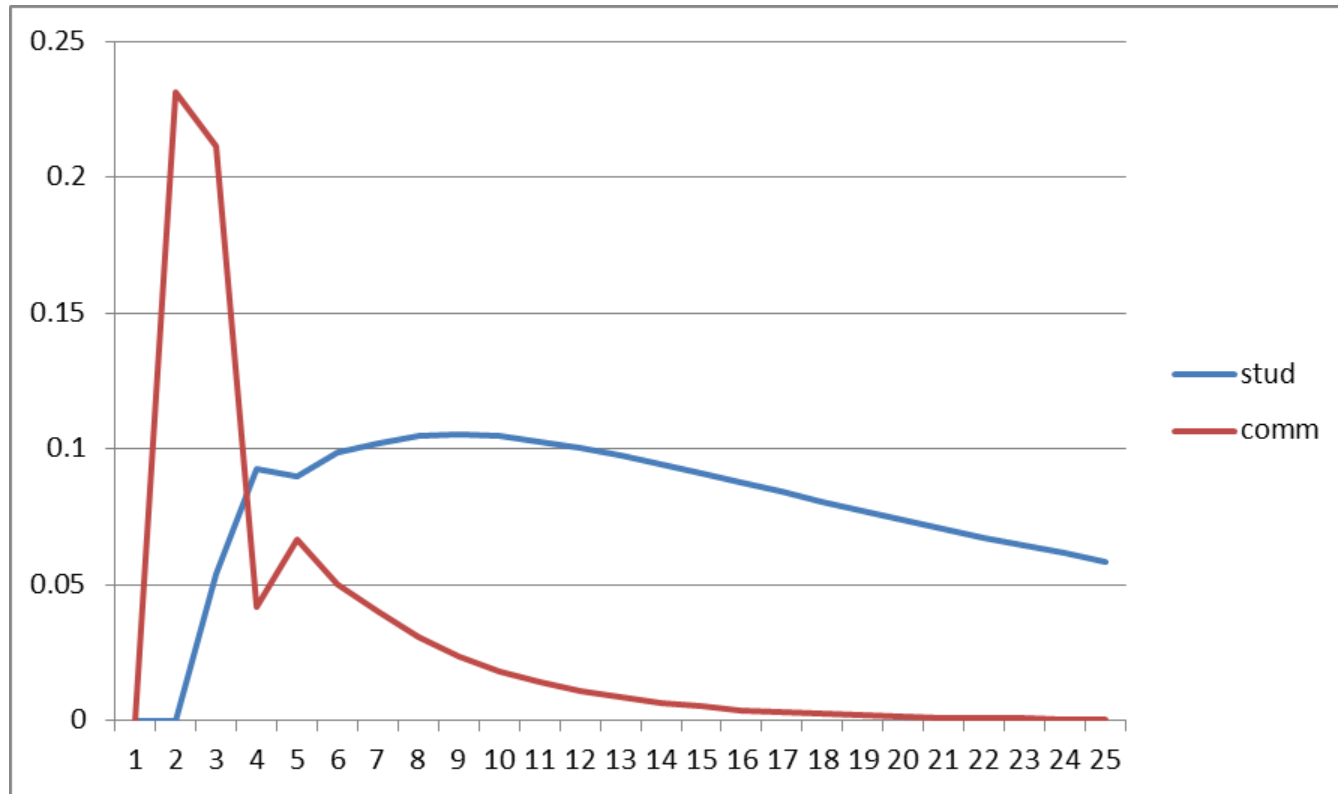


Discount rate
0
0.05
0.08

CDE comm bulls
0.99
0.78
0.68

CDE stud sires
3.93
1.96
1.37

(allele) frequency of one unit of superiority as expressed in commercial herd



<u>Discount rate</u>	<u>CDE comm bulls</u>	<u>CDE stud sires</u>
0	0.99	3.93
0.05	0.78	1.96
0.08	0.68	1.37

Value of selecting Stud Sires and Comm bulls

Value of a superior bull

$$= \text{Selection Difference} * \text{Nr.Progeny} * \text{expression per progeny}$$

CDE

Comm bull	+ 1.4	100	0.55	= \$ 77
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Stud Sire	+ 3.0	400	1.35	= \$ 1,620
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Herd structure

	Nr Cows Commercial Herd	12,000	
	Comm Dams/sire	50	
	Comm Sire replacem. rate	0.33333	
	Comm Weaning rate	1	
	Nr new rams needed for comm herd/yr	80	
	<u>Nr lifetime Progeny per commercial sire</u>		150
<hr/>			
	Prop. Stud.Males sold as breeding bull	20%	
	Stud weaning rate	1	
	Stud dams/sire	40	
	Nr stud breeding cows	800	
	Nr. Of stud sires	20	
	Nr of comm bulls sold per year	80	
	Nr of commercial bulls sold per Stud male	4	
	<u>Progeny receiving genes from a stud male</u>		600

150 prog/comm bull

600prog/stud bull

Value of selecting Stud Sires and Comm Bulls

Value of a superior sire = Selection Difference * Nr.Progeny * CDE

- Selection differential within the cohort: “The result of one round of selection”

Breeding performance						
			SD of breeding Objective	10.82		
			Male Selection intensity	2.06		
			Female Selection intensity	0.2		
			Male Selection accuracy <i>without</i> genomics	0.358	increase	
			Male Selection accuracy <i>with</i> genomics	0.432	21%	
			Female Selection accuracy	0.358		
			Generation Interval Stud males	1.53		
			Generation Interval stud females	2.97		
	approximalely	1.90	CDE stud sires	1.90		
			CDE flock sires	0.6		
				no GS	GS	
			Sire superiority	7.979534	9.628934	
			Dam Superiority	0.774712	0.774712	increase
			Rate of gain/year	1.945	2.312	19%

Comparing geneflow with dG/year method

group	int	acc		Sup	L		dG/year
sires	2.1543	0.53		10.27622255	1.0		3.233294535
dams	0.7979	0.37		2.656955587	3.0		

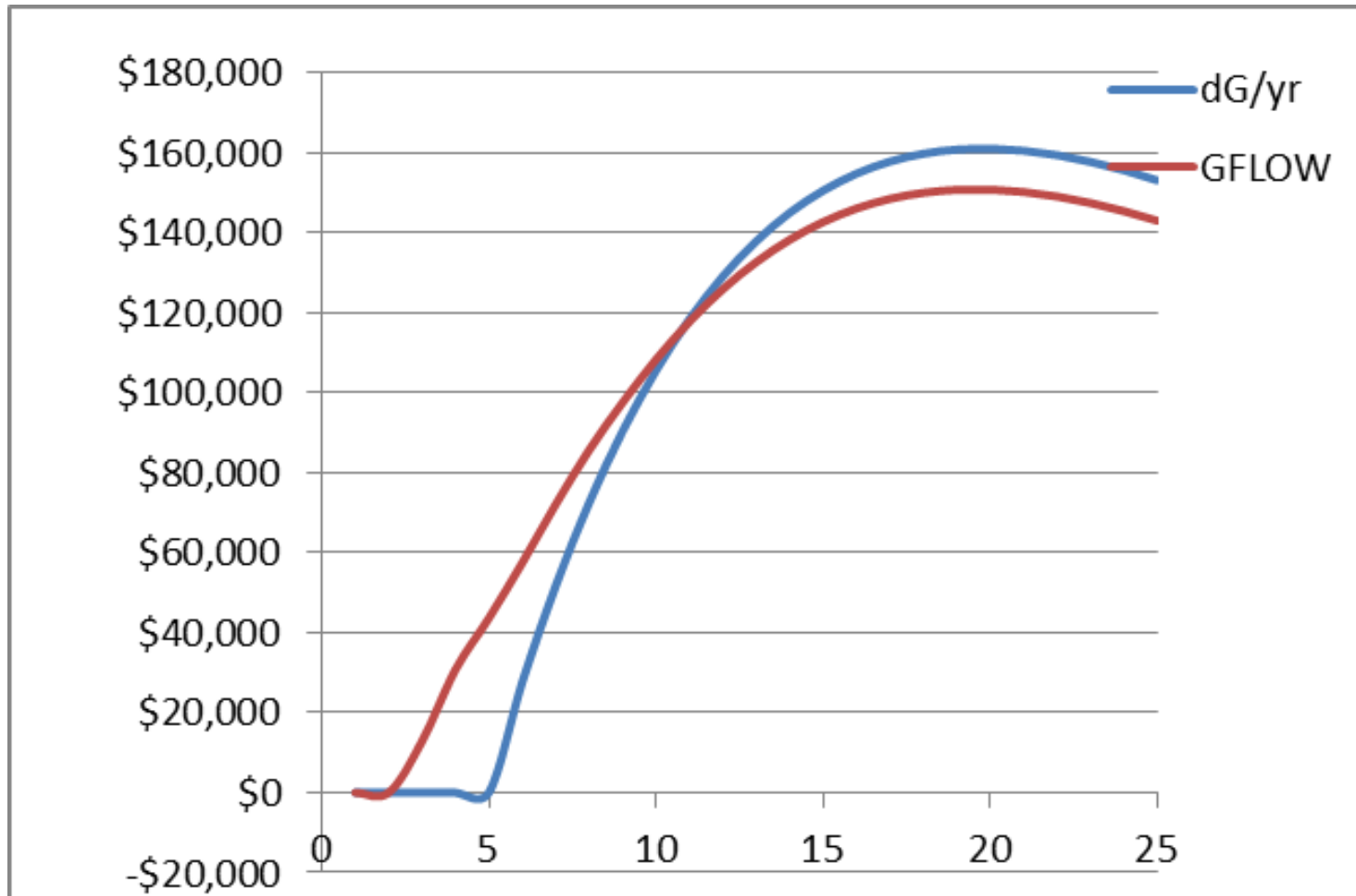
		Calculations based on dG/year					calculations based on GFLOW				
		dG/gen		dG/yr			sire	dam			
		3.23					selection	selection			
year	disc fact	genetic mean	cum benefit	cost	disc retruns	superiority	10.2762	2.6570		GFLOW	
							Expr_SS	Expr_DS	cum benefit	disc retruns	
1	1.000	0	\$ -	\$0	\$0		0.000	0.000	\$ -	\$ -	
2	0.935	0	\$ -	\$0	\$0		0.000	0.000	\$ -	\$ -	
3	0.873	0	\$ -	\$0	\$0		0.119	0.000	\$ 14,694	\$ 12,834	
4	0.816	0	\$ -	\$0	\$0		0.174	0.048	\$ 37,679	\$ 30,757	
5	0.763	0	\$ -	\$0	\$0		0.131	0.105	\$ 57,158	\$ 43,606	
6	0.713	\$3.23	\$ 38,800	\$0	\$27,664		0.157	0.128	\$ 80,610	\$ 57,474	
7	0.666	\$6.47	\$ 77,599	\$0	\$51,708		0.185	0.149	\$ 108,155	\$ 72,068	
8	0.623	\$9.70	\$ 116,399	\$0	\$72,487		0.196	0.165	\$ 137,537	\$ 85,651	
9	0.582	\$12.93	\$ 155,198	\$0	\$90,327		0.197	0.178	\$ 167,514	\$ 97,494	
10	0.544	\$16.17	\$ 193,998	\$0	\$105,522		0.206	0.190	\$ 198,976	\$ 108,230	
11	0.508	\$19.40	\$ 232,797	\$0	\$118,342		0.213	0.199	\$ 231,559	\$ 117,713	
12	0.475	\$22.63	\$ 271,597	\$0	\$129,034		0.217	0.206	\$ 264,833	\$ 125,820	
13	0.444	\$25.87	\$ 310,396	\$0	\$137,820		0.220	0.211	\$ 298,645	\$ 132,602	
14	0.415	\$29.10	\$ 349,196	\$0	\$144,904		0.223	0.216	\$ 332,996	\$ 138,182	
15	0.388	\$32.33	\$ 387,995	\$0	\$150,471		0.225	0.220	\$ 367,735	\$ 142,614	
16	0.362	\$35.57	\$ 426,795	\$0	\$154,690		0.227	0.222	\$ 402,772	\$ 145,983	
17	0.339	\$38.80	\$ 465,594	\$0	\$157,713		0.228	0.225	\$ 438,053	\$ 148,384	
18	0.317	\$42.03	\$ 504,394	\$0	\$159,678		0.229	0.226	\$ 473,539	\$ 149,910	
19	0.296	\$45.27	\$ 543,193	\$0	\$160,711		0.230	0.228	\$ 509,179	\$ 150,648	
20	0.277	\$48.50	\$ 581,993	\$0	\$160,926		0.231	0.229	\$ 544,943	\$ 150,681	
21	0.258	\$51.73	\$ 620,793	\$0	\$160,425		0.231	0.230	\$ 580,808	\$ 150,092	
22	0.242	\$54.97	\$ 659,592	\$0	\$159,300		0.232	0.231	\$ 616,754	\$ 148,954	
23	0.226	\$58.20	\$ 698,392	\$0	\$157,636		0.232	0.231	\$ 652,763	\$ 147,337	
24	0.211	\$61.43	\$ 737,191	\$0	\$155,508		0.232	0.232	\$ 688,823	\$ 145,305	
25	0.197	\$64.67	\$ 775,991	\$0	\$152,984		0.233	0.232	\$ 724,923	\$ 142,916	
				NPV	\$2,607,849				NPV	\$ 2,645,255	

Expressed in
12,000 cows

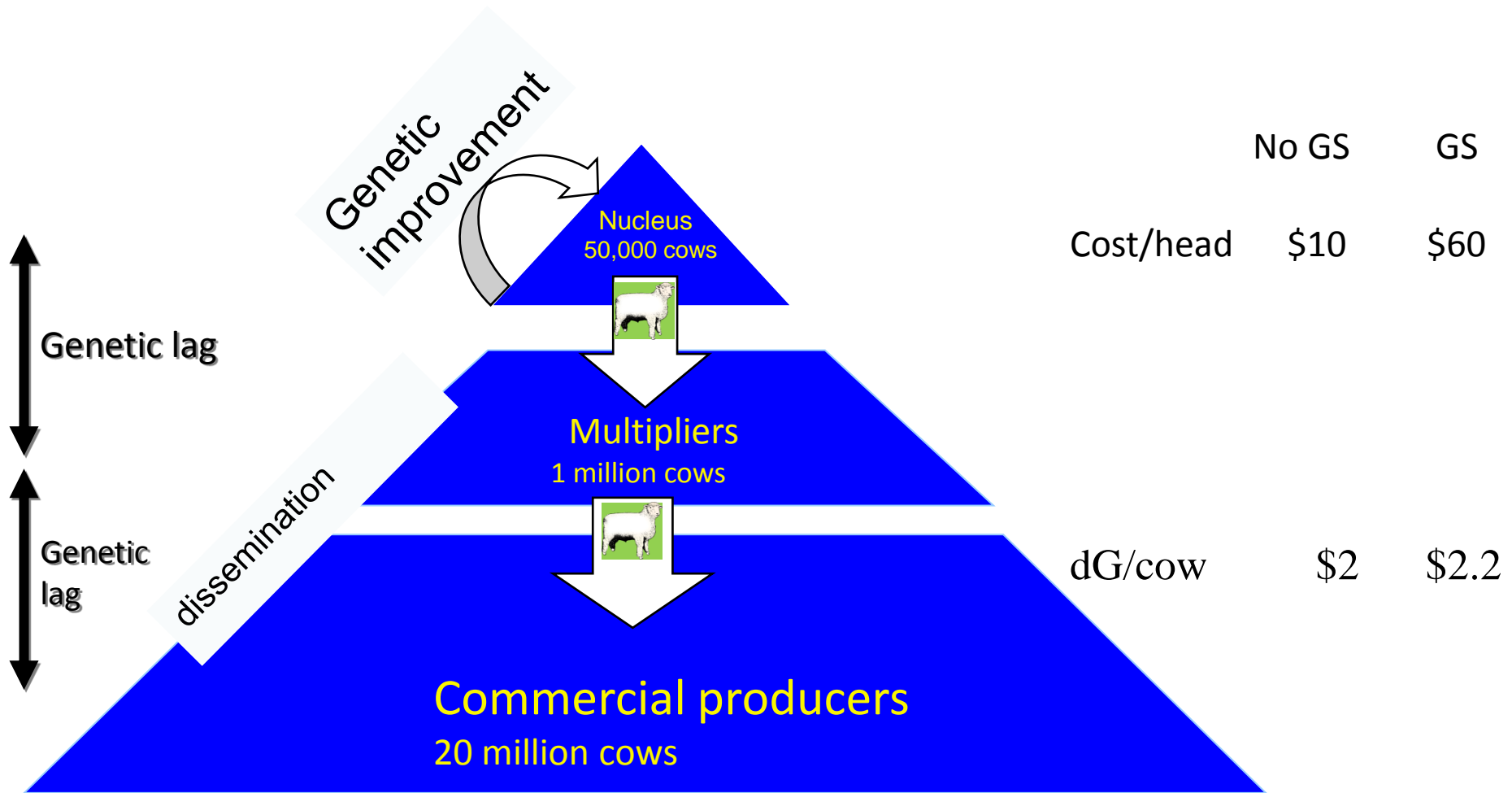
20 nucleus sires

i.e. 600 per sire

Comparing simply dG/yr vs GFLOW



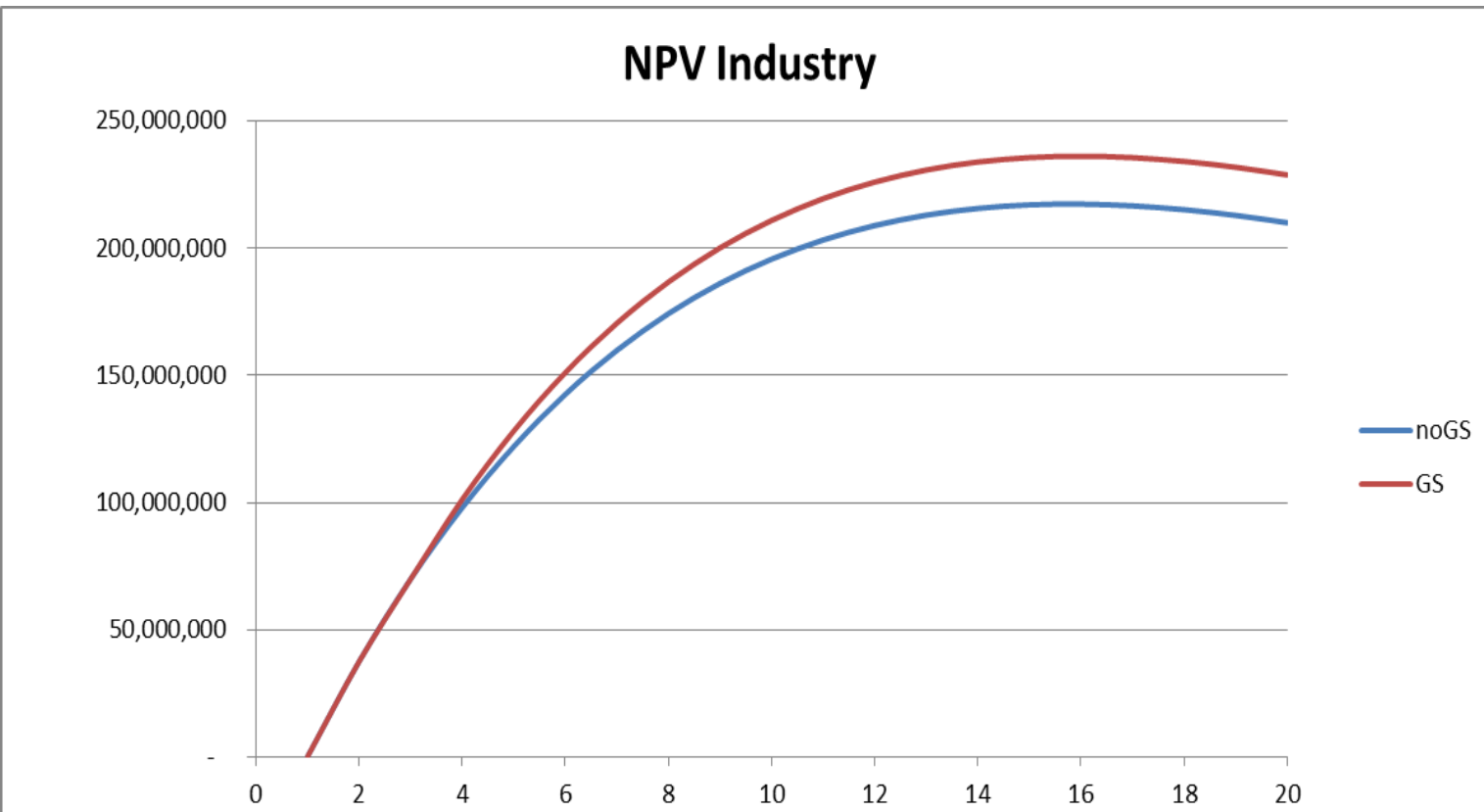
Cost - Benefit of breeding programs



Cost-Benefit industry wide

3 tier benefit

	<u>No GS</u>	<u>GS</u>
Cost	\$0.5 M	\$ 1.65 M
dG	\$40 M	\$ 44 M

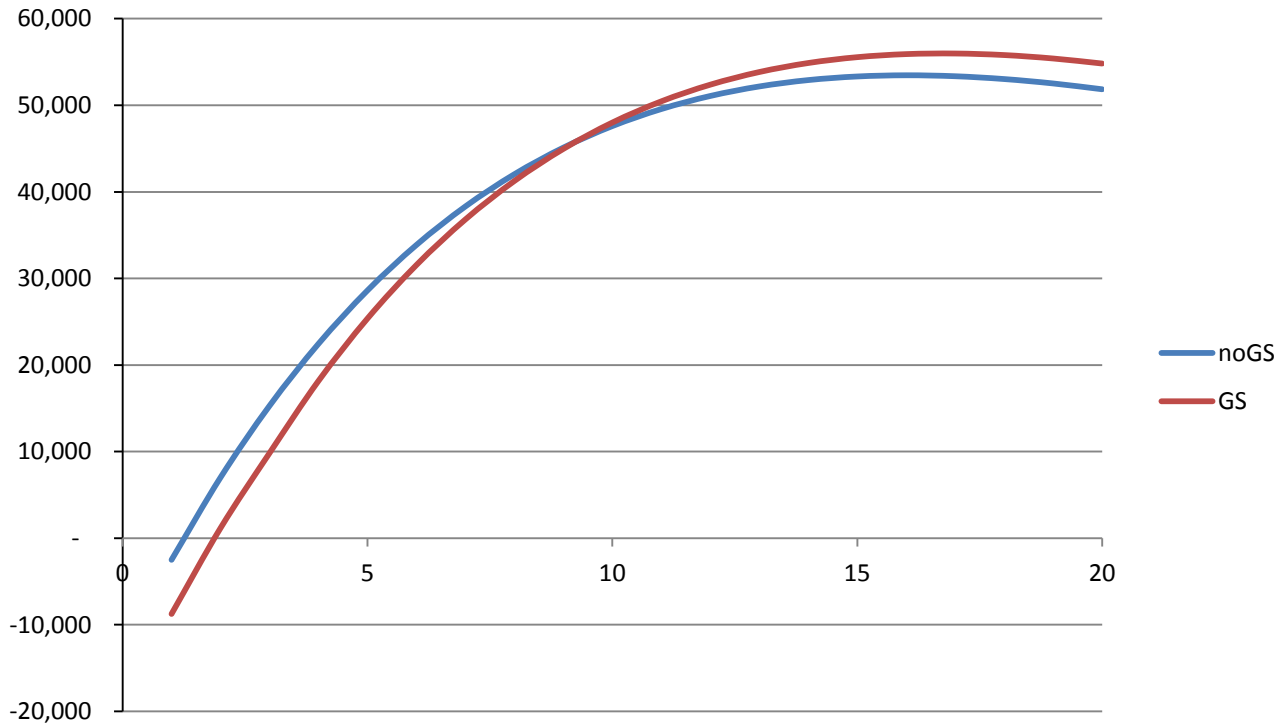


Cost-Benefit Stud

2 tier benefit

	No GS	GS
Cost	\$ 5 k	\$17.5 k
dG	\$20 k	\$ 22 k

NPV Stud



500 Nuc cows
10k Comm

Value of selecting Stud Sires and Comm Bulls

Value of a superior sire

= Selection Difference * Nr.Progeny * expression per progeny

Comm Bull	+ 1.4	100	0.55	= \$ 77
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With Genomics

+1.6				= \$ 88	+11
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Stud Sire	+ 3.0	400	1.35	= \$ 1,620
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With Genomics

+3.4				= \$ 1,836	+216
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Cost benefit analysis

- Extra benefit $120 * \$11 + 30 * \$216 = \$ 7,800$
- If all young stud males tested: 600
- Break even: $\$13.00$ per DNA test

summary

- Can calculate additional gain on a per bull basis, assuming returns in commercial progeny
- Those figures depend on
 - Additional accuracy
 - Age structure
 - Herd parameters such as weaning rate, mating rate, prop. Sold