

Optimizing Breeding Programs

COST-BENEFIT

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

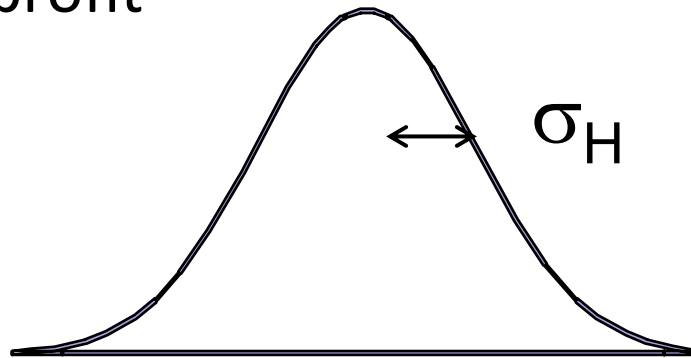
Benefits

Benefit of more genetic gain

Market share

Benefits of genetic gain

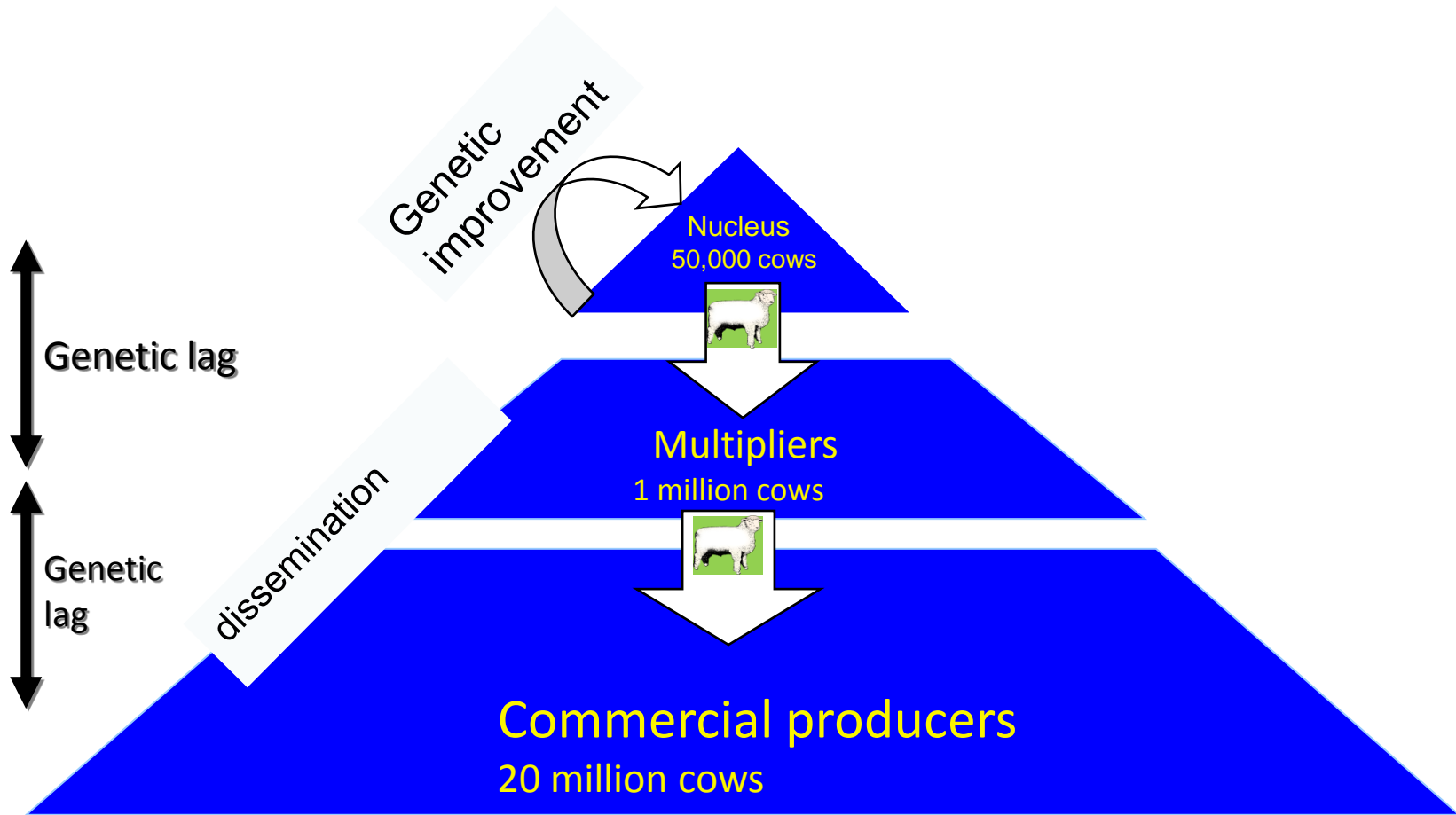
- Assuming the benefit is expressed by the breeding objective (economic values of trait improvement)
- Variation in breeding objective is variation in genetic merit for profit



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

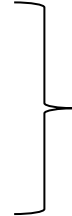
- Benefit is cumulative

					selection round 5
				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:	5*\$4	* 100	* 0.5
as commercial bulls	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?

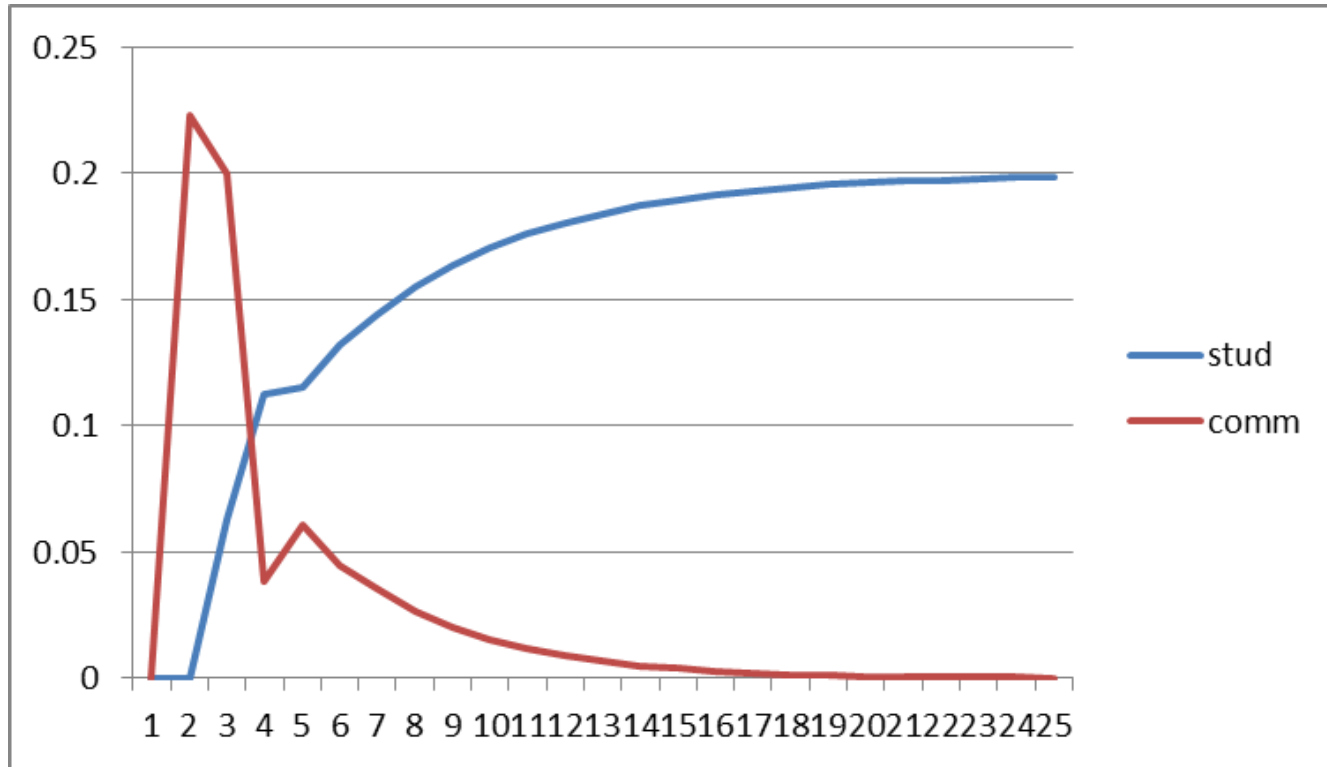
Value of a superior bull

= 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

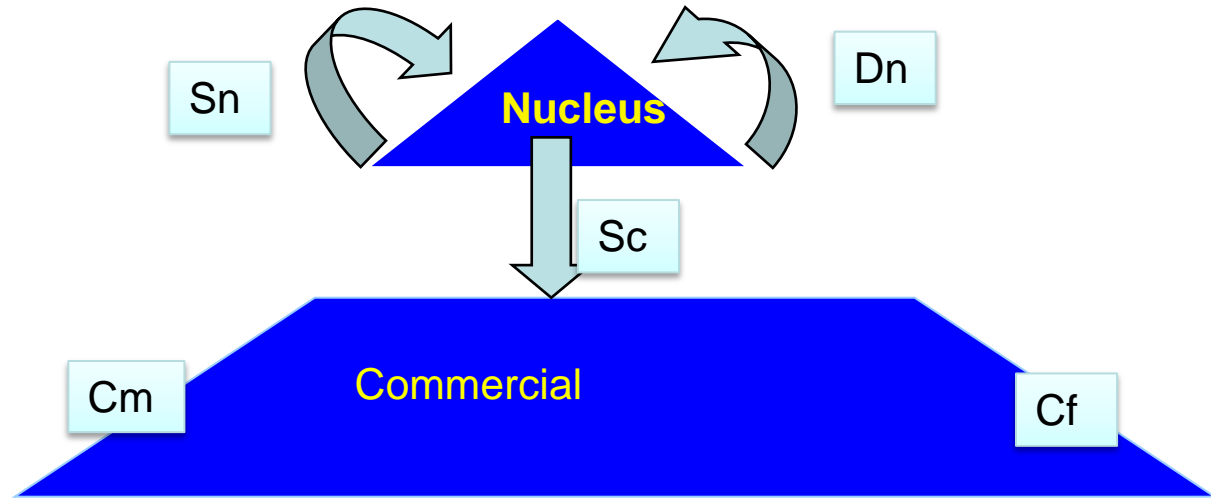
Predict more precisely when benefits occur



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
	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	0	1	0	0	0	0	0	0
	10	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0

GENEFLOW



Donors of genes

Sn Dn Sc Cm Cf

Recipients of genes

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

GENEFLOW

Donors of genes

Sn

Dn

Sc

Cm

Cf

Recipients of genes

		Sires of Nucleus										Dams of Nucleus					Stud born males to sire commercial					Commercial born males					Commercial born females				
P matrix		1	2	3	4	5	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	1	2	3	4	5	6	7	8	9	10
1	0	0.5	0	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	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	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	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	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	0	0	0	0	0	
6	0	0.5	0	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	0	0	0	0	
7	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	0	0	0	0	0	
8	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	0	0	0	0	0	
9	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	0	0	0	0	0	
10	0	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	0	0	0	0	
11	0	0.5	0	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	0	0	0	0	
12	0	0	0	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	0	0	
13	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	0	0	0	0	0	
14	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	0	0	0	0	0	
15	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	0	0	0	0	0	
16	1	0	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	0	0	0	
17	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	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	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	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	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	0	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	0	0	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	0	0	0	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	0	0	0	0	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	0	0	0	0	0	
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	1	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	0	1	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	0	0	1	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	0	0	0	1	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	0	0	0	0	1	

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	0.166667	0.166667	0.166667
2	1	0	0	0	0	0	0	0	0	0
3	0	1	0	0	0	0	0	0	0	0
4	0	0	1	0	0	0	0	0	0	0
5	0	0	0	1	0	0	0	0	0	0
1	0	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

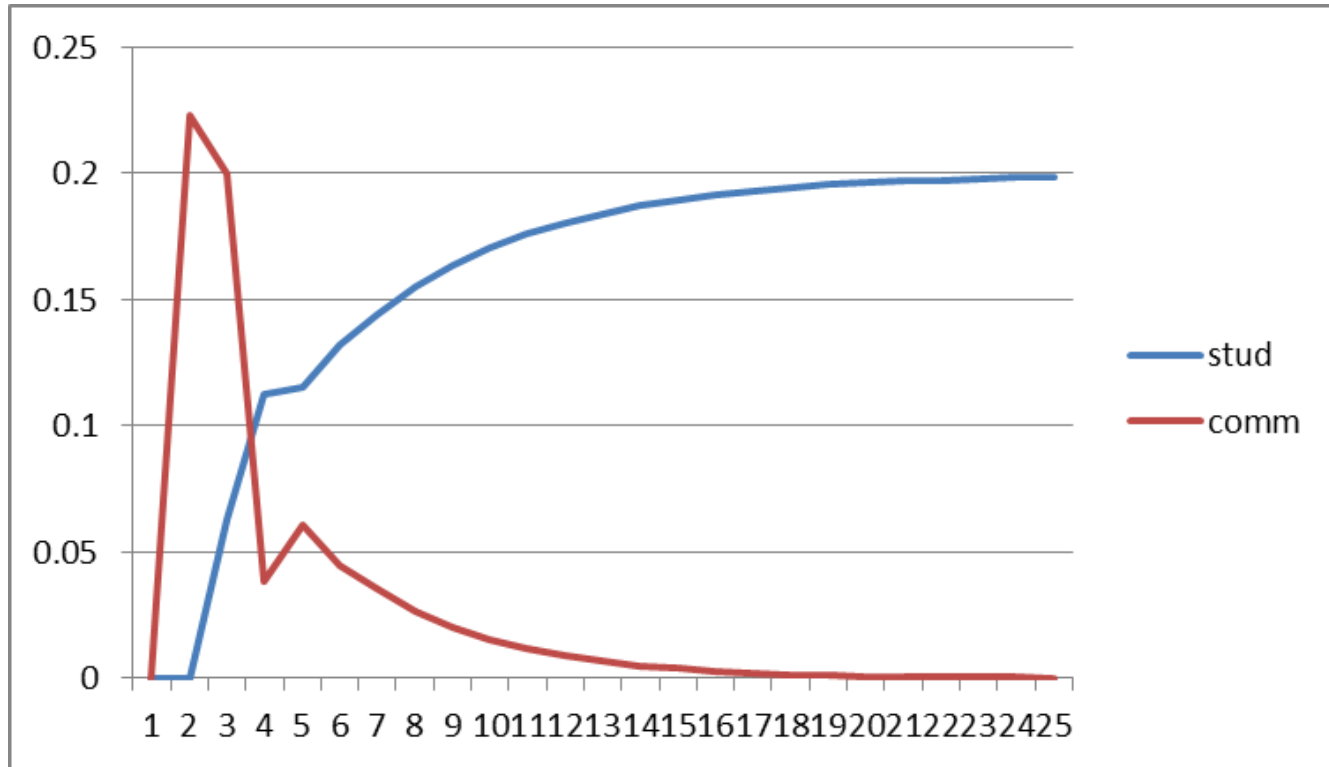
c = discount factor

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

Net Present Value of Sum of expression over 25 years

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

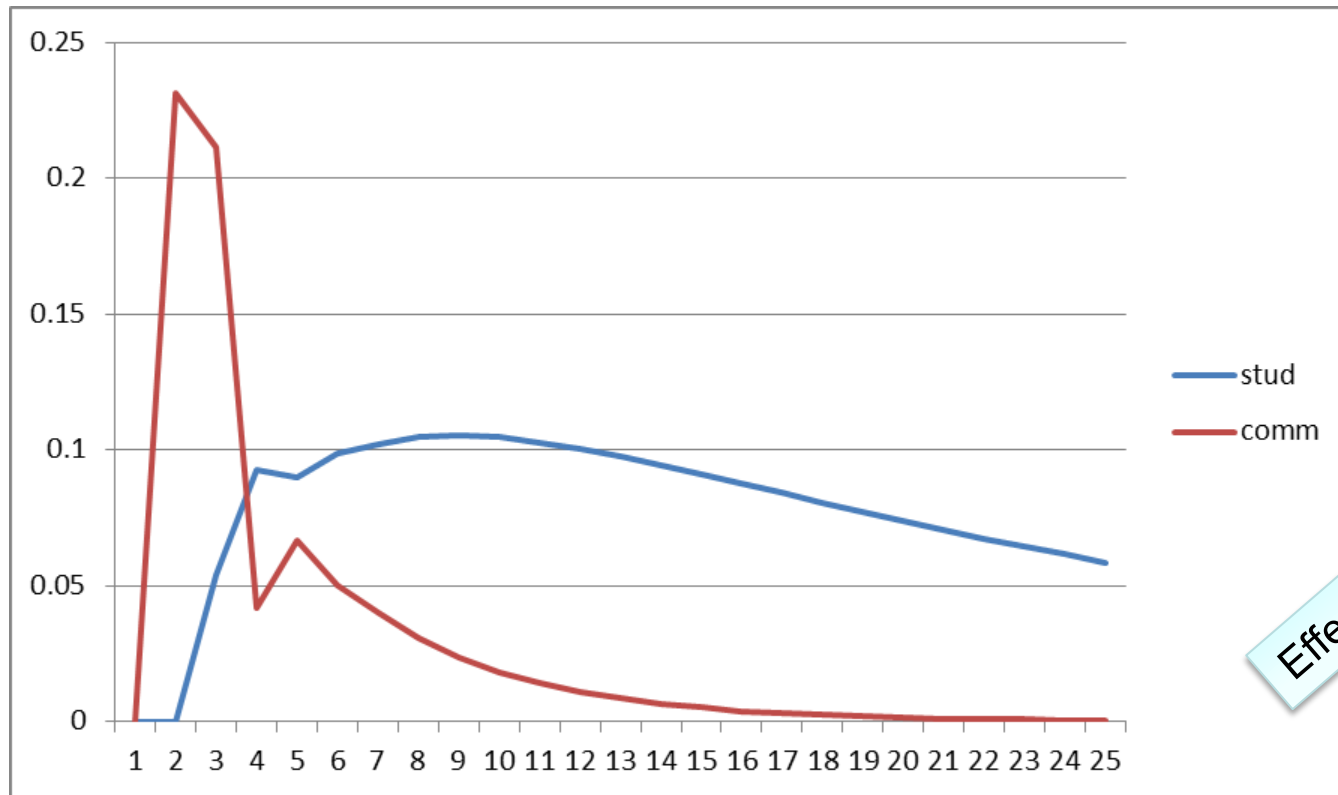
(allele) frequency of one unit of superiority as expressed in commercial herd



The fate of superiority from commercial bull vs a stud bull

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

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



Effect of discounting

<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

Sum of all future expressions
Cumulative Discounted
Expressions - CDE

Value of selecting Stud Sires and Comm bulls

Sum of all future expressions
Cumulative Discounted Expressions

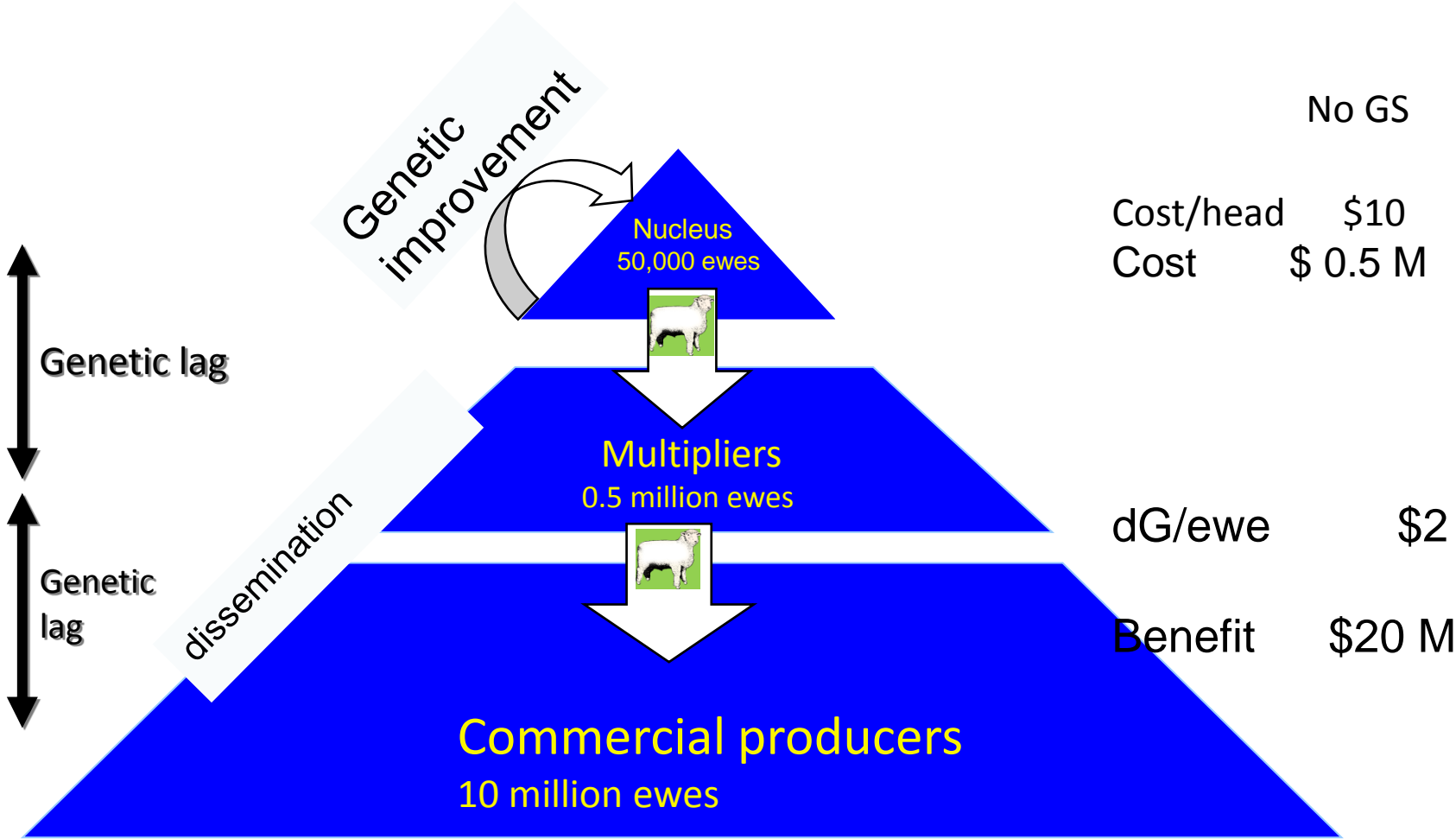
Value of a superior bull

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

Comm bull	+ 1.4	100	0.68	= \$ 95
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Stud Sire	+ 3.0	400	1.37	= \$ 1,644
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Cost - Benefit of a breeding program



Economic evaluation of breeding programs

Benefit: $dG.N$ accumulates each year

Cost C

Future returns are discounted: $1/r^t$ in year $t(N.t.dG - C).(1/r^t)$

year	Genetic Mean (\$)	Benefit (M)	Cost (M)	discount factor	NPV (M\$)
1	0	0	0.5	1.00	-0.50
2	1	20	0.5	0.95	18.57
3	2	40	0.5	0.91	35.83
4	3	60	0.5	0.86	51.40
5	4	80	0.5	0.82	65.40
6	5	100	0.5	0.78	77.96
7	6	120	0.5	0.75	89.17
8	7	140	0.5	0.71	99.14

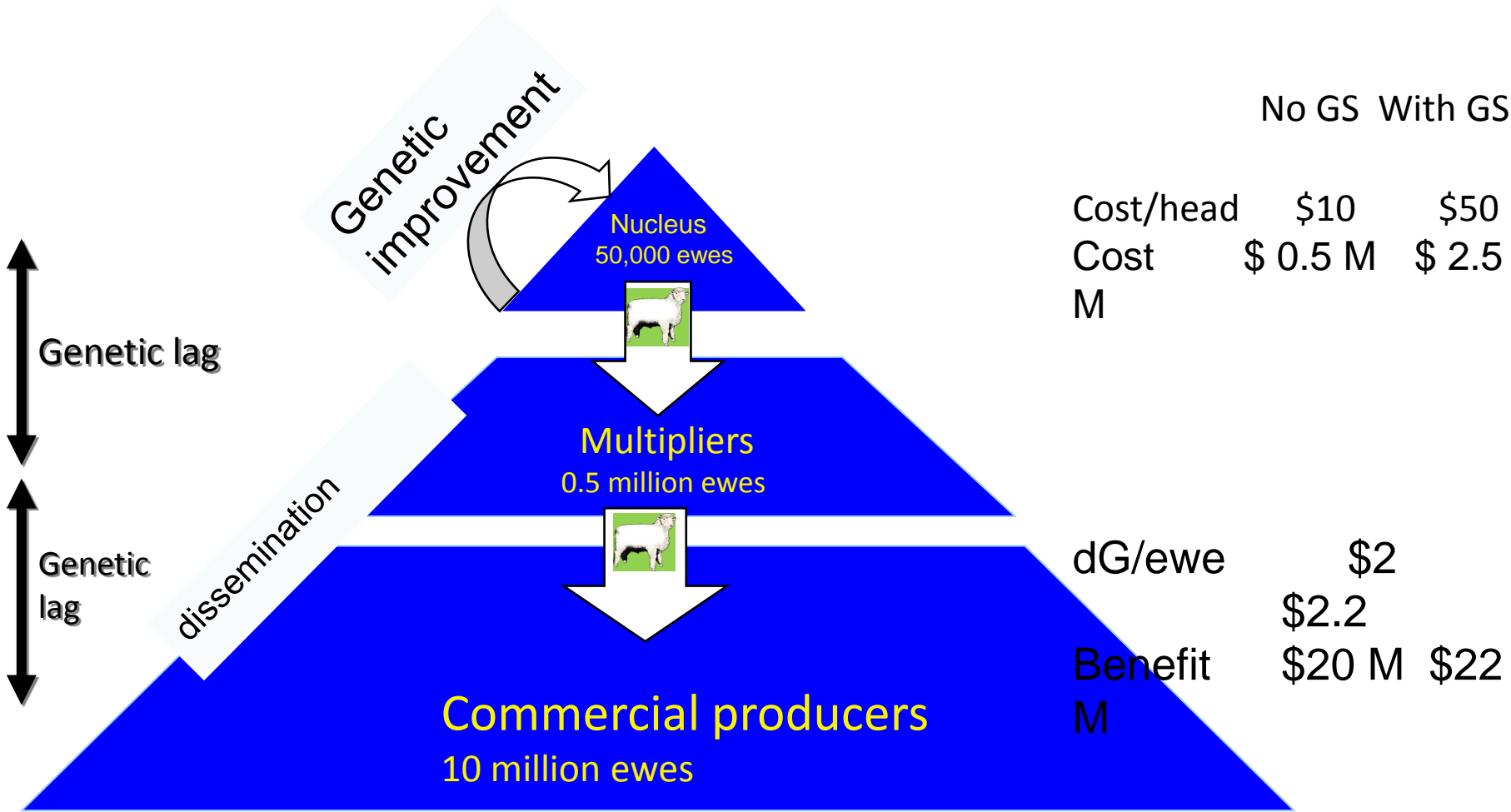
Example:

Comm = 10 Million sheep

$dG = \$2/\text{head}/\text{annum}$

Cost = 500k

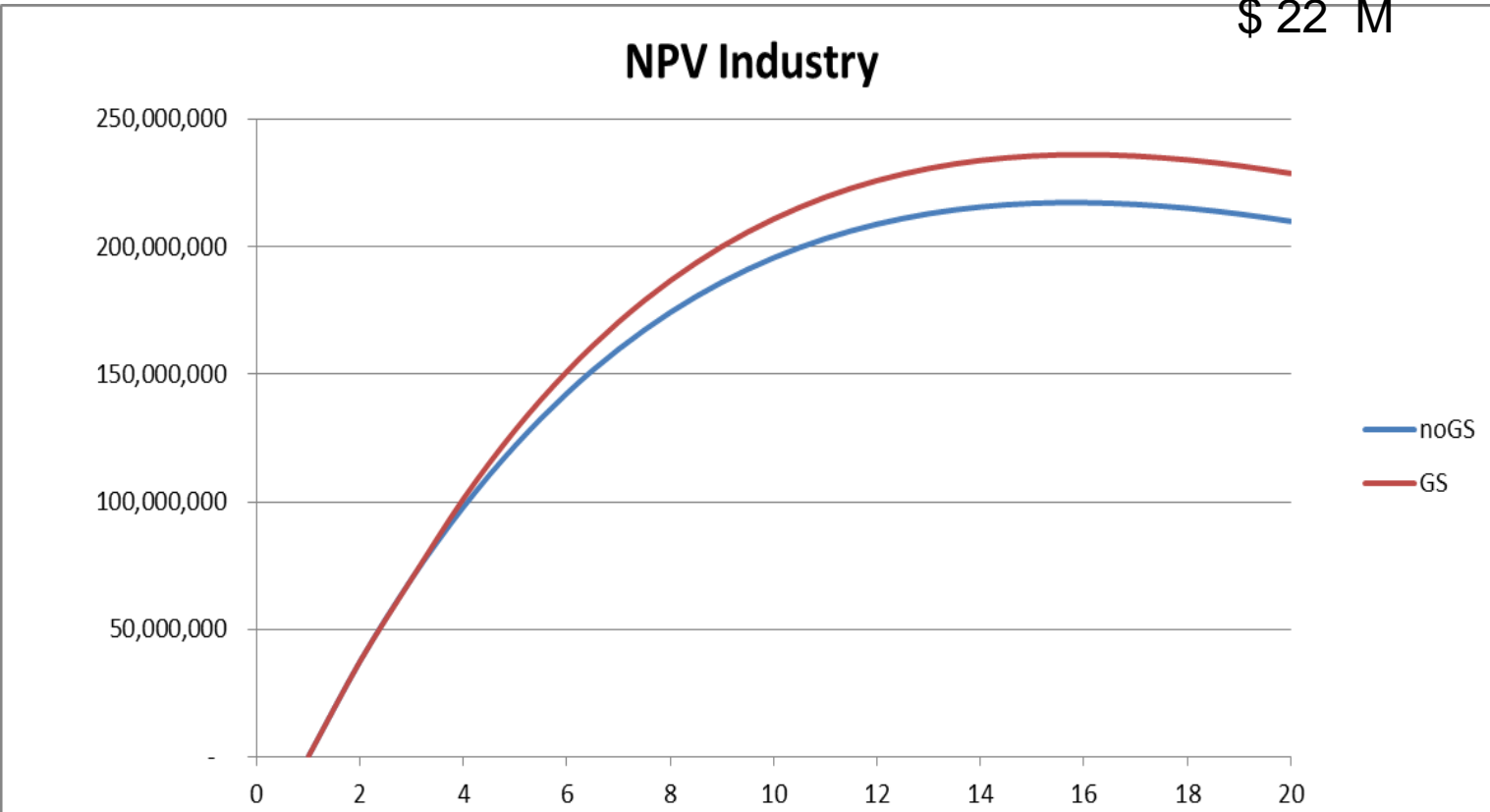
Cost - Benefit of a breeding program



Cost-Benefit industry wide

3 tier benefit

	<u>No GS</u>	<u>GS</u>
Cost	\$0.5 M	\$ 2.5 M
dG	\$20 M	
		\$ 22 M



50k Nuc cows
20M Comm

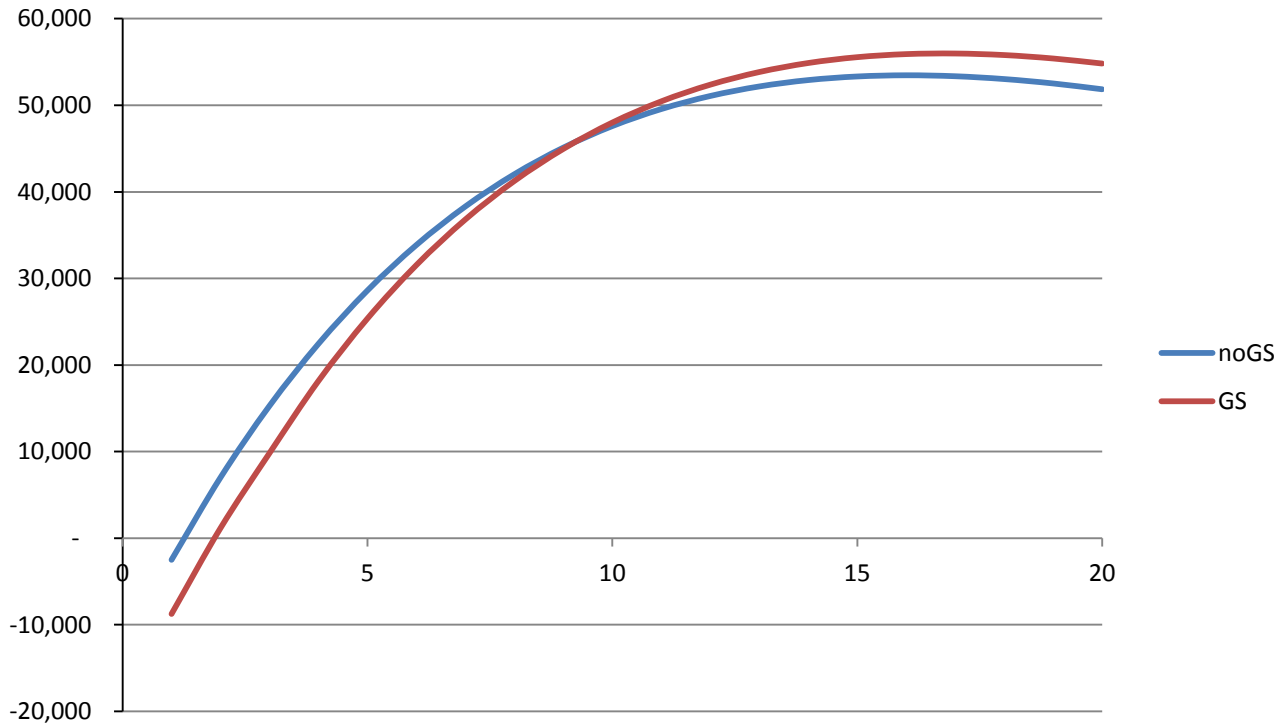
noGS
GS

Cost-Benefit Stud

2 tier benefit

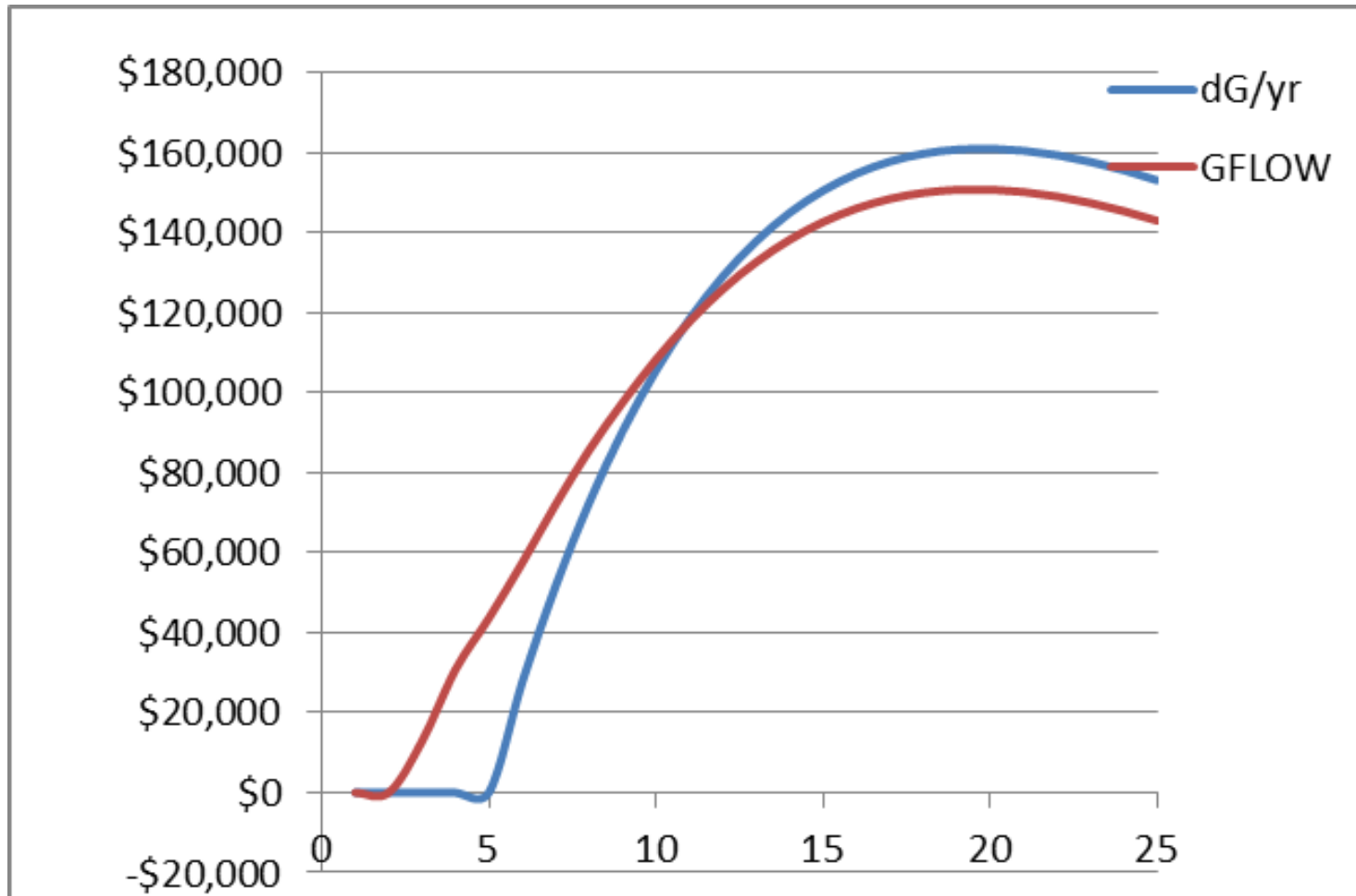
	No GS	GS
Cost	\$ 5 k	\$17.5 k
dG	\$20 k	\$ 22 k

NPV Stud

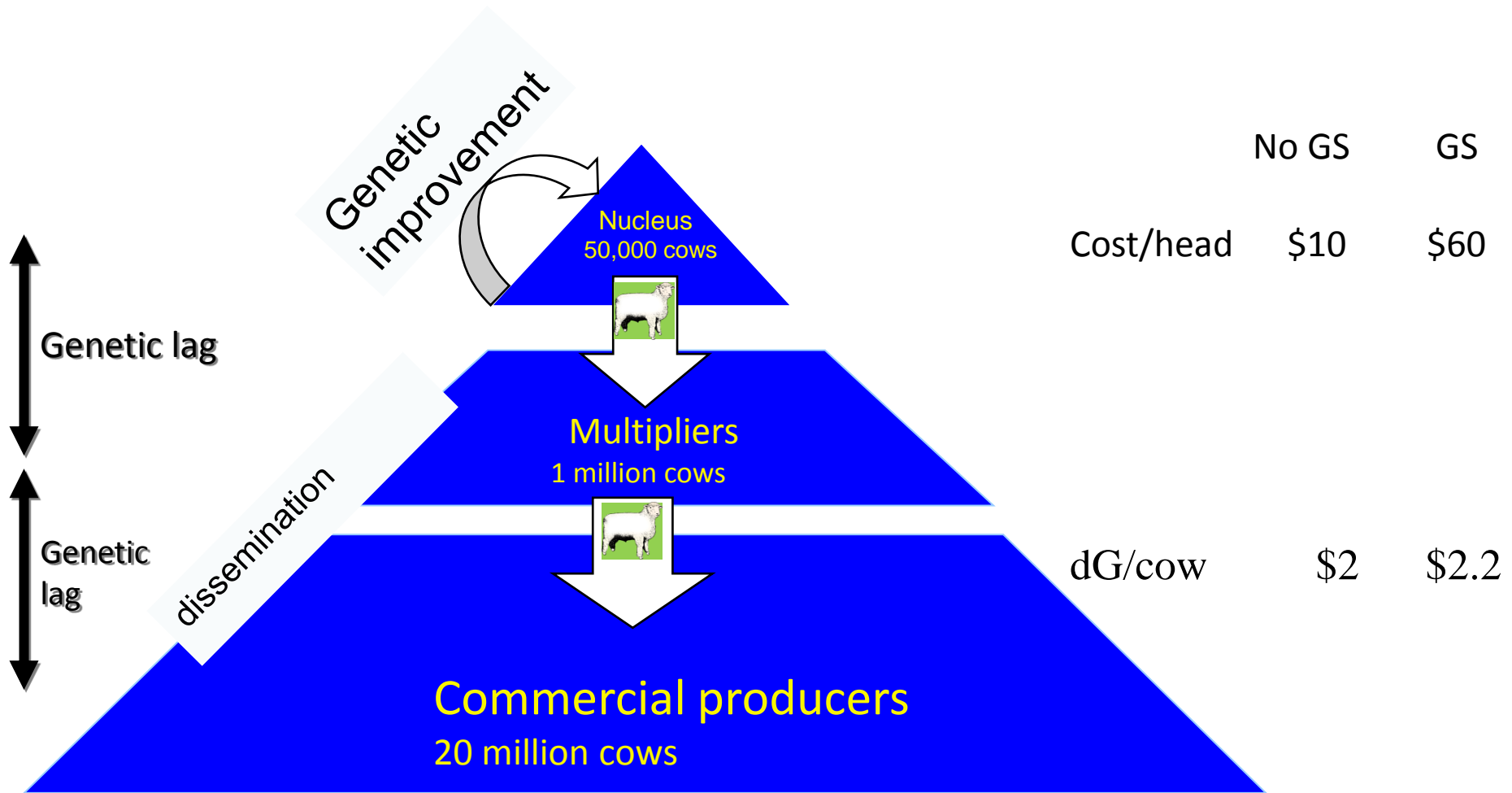


500 Nuc
cows
10k Comm

Comparing simply dG/yr vs GFLOW



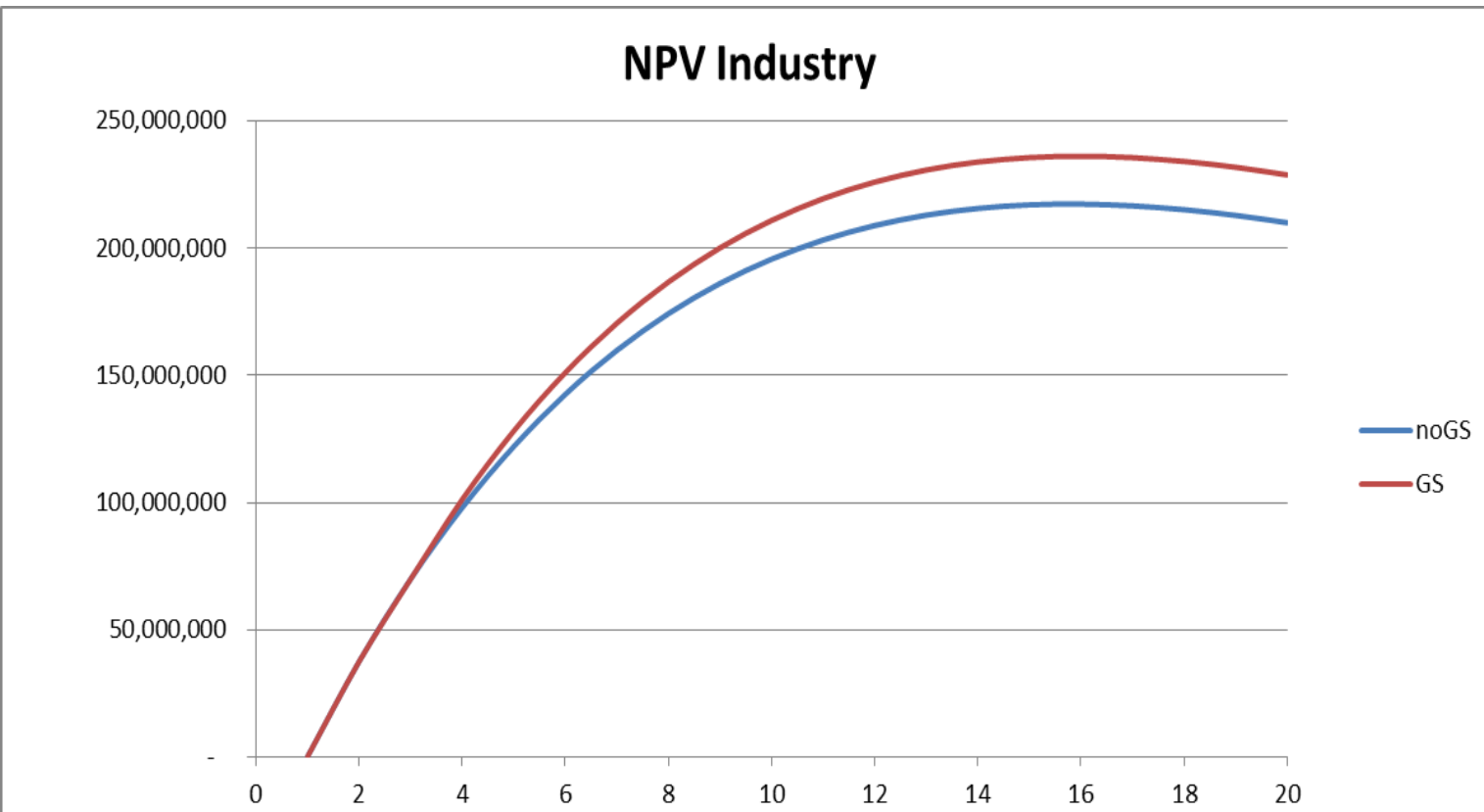
Cost - Benefit of breeding programs



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

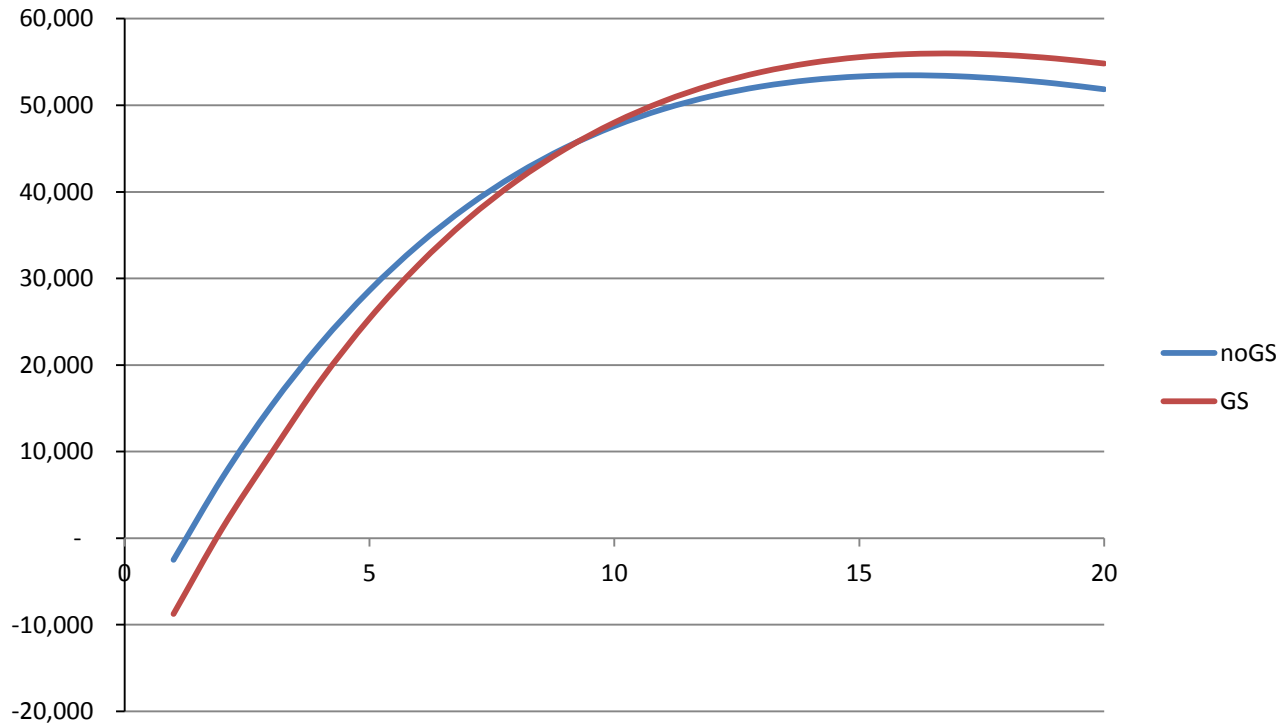


Cost-Benefit Stud

2 tier benefit

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

NPV Stud



500 Nuc cows
10k Comm

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