



LibertyGenetics
PROVING THE BEST VALUE

TEAM TALK

FEBRUARY 2011



FROM THE EDITOR'S DESK

Efficiency and value for dollar spend are not only marketing words to us here at Liberty Genetics, it is a philosophy we live by and like our customers we are always looking to maximise the return from our dollars. We are sure that you will find it worthwhile to take time to carefully evaluate your Breeding Expenses purchasing decision, and assess the future return on your spend.

I have been working for Liberty Genetics since 2009, and I enjoy the team focus on producing real benefits for our customers. We do this by providing a cost effective offering to maximise conception rate, and ultimately calves that will perform, or have ready saleability. The board of directors and the shareholder base are predominantly a cross section of NZ dairy farmers who insist on protecting this value proposition for farmers.

Chasing BW is a valid strategy, but it must be "real BW" delivered at a cost effective price. The first two years of commercial use of genomics has produced negligible value for farmers and the industry, as confirmed by a recent independent review available from NZAEL. This confirms my own previous experience of dairy farmers being treated as a "cash cow".

My role also allows me to converse with farmers and I am encouraged by the positive feed-back that I receive about Liberty Genetics from; above average on-farm six week conception rates, to a client's accountant asking him "how did you halve your breeding costs?"

In this edition of the Team Talk, we have concentrated on giving you the tools to make a common sense decision on your 2011/12 AB requirements. The outcome of choosing Team Liberty will be; significant genetic gain in your herd and more cash in your wallet.

The 2011 sales season is under way, and the growing sales team look forward to touching base with you to discuss your AB requirements for the up-coming winter and spring season.

Yours faithfully

Elizabeth Leonard

Marketing and StockMates Personnel



Our New brochure "Hot off the Press"

The window on our company has been updated and is a must read if you want to know more about us - call for a copy

What you need to know

To plan your breeding program in 2011 you must assess:

- **Why is Liberty Genetics your Best Value AB product/service option?**
- **How do you manage genetic risk (to be sure that you get the expected benefit)?**

Building genetic gain is a long term process and investment. Since 1996, the BW system has proven to be robust and deliver consistent genetic gain for profitability; increasing feed conversion efficiency and production output while moderating or reducing potential negative risks, i.e. fertility and somatic cells.

Liberty Genetics strives to ensure that our clients can achieve \$BW genetic gain at a realistic and sustainable cost. The Liberty Genetics model captures the benefit of shorter generation interval, by using elite young sire teams. This strategy has delivered genetic gains to our clients over 12 years, in line with the national average. It has also delivered breed leading proven sires to the industry.

The bottom line is: What return will you get if you would pay a premium price for selected "proven" sire semen, and when will you get it?

With Liberty Genetics product the cost savings is likely to be at approx \$42 per replacement heifer, (more for nominated semen). If you buy higher priced semen and milk the resulting heifers, the payback on any premium paid, comes in 4-10 years time. It is unlikely that the alternative has a sufficient difference in true BW delivered, to provide a decent return on the extra spend.

In the current market, the breeding expenses spend must be assessed against other higher and quicker return options, e.g. feed, fertiliser, mastitis etc., or savings may be used to retire debt.

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	Reliability range	No of bulls required for a 94% reliability team
Parent Average young bulls	20-35%	12
Genomic young bulls	45-55%	8-10
Proven bulls (<150 dtrs)	75-85%	4-6
Widespread Proven (>500dtrs)	95-99%	1

Table 1: Number of bulls required for a high reliability team, for different stages of sire "proof"

Reliability

The other key point to consider is; how do you manage risk with genetics? Liberty Genetics achieves this by ensuring that your bull team includes at least 10-12 bulls. This number of bulls will ensure that the team reliability is at least 94%. The table below suggests how you can manage risk for the various categories of bulls available in the market.

Even with daughter proven bulls, you should spread risk by using a team.

If you are selling surplus stock you will find that the Liberty progeny will rank well, and we have attractive options to help ensure that you get maximum value.

More industry winners... Joanna and Lolli

It started with the Fowlies' purchase of six, 4 day old calves from Eureka's Brian Willis to fulfil their replacement requirements. On their return Heather Fowlie, mention to her daughter Joanna that the newly purchased jersey calf would make a good calf club calf. That was also the day that Joanna and newly named calf, Fynreath RO Lollipop (Lolli) became partners in what has been a whirlwind of accolades and prizes as they strut around the judges at the local calf clubs and AMP shows throughout the country.



13 year old Joanna, who is in her final year at Morrinsville Intermediate, and has been showing calves at calf club since she was five. Joanna has had success but not to the degree that she is experiencing

success with Lolli and could not have thought of a better finale to her calf club days.

Lollie is sired by Liberty Genetics jersey proven bull - Raynham Ozark who has a BW of 202/91% and is ranked No.12 on the AEU RAZ list, as at Feb. 12th, 2011. Ozark has excellent type and is above average for shed temperament.

But 50 ribbons, including: 2 champion of champions, 1 reserve champion of champion, 5 champion and 5 reserve champions, 3 cups and \$200 in prize money (which paid for the purchase of Joanna's first mobile phone), is a real achievement.

AND it's not over yet as Joanna and Lolli are still strutting their stuff, with this weekend's show at Te Puke, followed by the Putaruru and Morrinsville shows in March. Congratulations Joanna and Lolli, and we at Liberty wish you all the best.

From the other side of the farmers fence...

Allied Farmers have had a excellent start to the 2010-11 herd sales season, with herd sales in the range of \$1,700 to \$1,950 per cow, averaging around \$1,800 per cow.

Top sale of the month was a herd sold by Brent Houghton which is in-calf to Liberty Genetics, 170 Jersey/Jersey cross cows, sold for \$1890 per cow with a 5% rejection rate.

"I have sold cows in calf to Liberty for the last three years. Buyers today seem to be open minded and business savvy, which is why they are out buying herds. I am a strong believer in Liberty's products, and I'm always keen to market herds in calf to Liberty Genetics" says Brent Houghton who has also become a Liberty Genetics Shareholder.

The market is strong with buyers coming up from Mid Canterbury looking for well grown Crossbreed herds that are also recorded with excellent production and reliability figures.

2yr old Friesian/Friesian x heifers for May delivery are reaching \$1,550 with weaner Friesian/Friesian x heifers making \$650 to \$700 for immediate delivery. Weaner price for June 2011 delivery is around \$900 to \$1,000.

If your herd is for sale get in touch with the team at Allied Farmers and they will market your herd for you on: www.mylivestock.co.nz

For more information contact:

Philip Webb, Waikato Allied Farmers Dairy Coordinator on 027 494 1975

Or: Brent Houghton, Allied Farmers Livestock Agent on 027 288 8207

ALLIED FARMERS



Genomics versus Conventional BVs (reported over last 12 months as PA_PT indexes)

Animal Evaluation(NZAEL) has now acknowledged that; for proven sires the “gold standard” in sire breeding values and BW rankings is the conventional method (Test Day Model or TDM) that only uses ancestry and daughter production information.



Dr Dave Hayman

Liberty Genetics and others have monitored sire proof results over the last two years. Analysis has confirmed... When genomics was included in official BW (June 2009), sire BVs were inflated for; most top young genotyped bulls and for some genotyped proven bulls. We made both private and public submissions to point out the problems.

DairyNZ and NZAEL have now officially confirmed that the genomic technology is still rapidly evolving, and an independent review identified disappointing outcomes from the early commercial introduction of genomics.

The independent review was contracted out by NZAEL, to assess the value genomics has added to the industry over the last two years. Peter Amer, from AbacusBio Ltd. found that there had been a negative impact in the two main breeds but a slight gain in the crossbreeds.

While genomic data has been excluded from the proven sires, it remains in genotyped young sire BVs and BW. Adjustments have been applied to reduce genomic inflation, but more research will be required to make these more accurate.

It is recognised that the conventional Test Day Model, also has some underlying biases that will be addressed by NZAEL in 2011. These include:

- **Parent Average Bias:** Young bulls tend to get overstated through overestimation of the bull dam genetic merit. (This may be due to random permanent or temporary factors that give that cow an advantage in her genetic assessment). The common range for this overestimation is \$15-\$25
- **1st Crop Proof Bias:** Proven sires usually have a reproof drop, and/or there is general drift in sire evaluations that push proven sire rankings down over time. Hence a proven bull is likely to be approx \$12-\$15 BW lower after achieving a widespread proof (500 plus daughters).

Both effects are the subject of further study and consultation, but the young bulls will receive a “Parent Average Adjustment” in their BW as at Feb 18th, 2011.

The three main AB companies have agreed to observe a responsible standard of behaviour in farmer education and information, especially while the NZAEL outputs require so much qualification. Breaches of ethical standards should be reported to Dave Hayman to refer to the Communications Committee.

2011 Genetic Boost: You can be assured that the 2011 Liberty teams will deliver a powerful genetic boost. In each breed, the current BW of the 2011 Liberty teams is equivalent to or superior to proven sire teams (even after bias corrections, the Liberty teams will be close to the averages of proven sire teams, especially in terms of value for \$\$).



Before Christmas, Liberty Genetics conducted a phone survey, contacting 56% of their customer base for feedback on their product and services. The customers were asked to rate the StockMates technician service that they received this year, within the range of 1 to 5 (1 meaning very poor and 5 excellent).

The feedback was very encouraging and StockMates received an average score of 4.4, confirming that overall the clients were very happy with the service. Liberty Genetics appreciates the feedback received from clients. Key points will be included in the AB technician orientation for the 2011 season, to ensure that we do deliver “best practice” service.

South Auckland StockMates technician and Sales rep,



South Auckland Regional Coordinator and technician
Glen McCall

Glen is also a sales rep for the South Auckland region.
Contact No. **0274 711 483**

Glen McCall it not surprised to see the growth of Liberty Genetics in his region. Glen is a farmer first and has used Liberty Genetics products for the last couple of years on his own farming entities in the region.

Glen says; **“I am chasing an average BW at the most cost effective price. I spend the extra savings on ensuring that my cows get fed well. The same cow that does 320 milksolids in South Auckland will do 400 milksolids when shifted to Southland. The breeding doesn’t change in the shift but the feeding does. Liberty offers a very similar BW and service to the competitors, and in some cases for half the cost, so why wouldn’t farmers look at using Liberty Genetics.”**

Liberty Genetics' practical management of inbreeding

- A spread of sires is used to breed each team of bulls.
- The sires of our bull teams change every 2-3 years within each breed,
- Each bull on our teams gets used relatively equally,
- Only a few bulls will get carried over for a second year (a bull is rarely used for a third year, and certainly not when his daughters are in the herd).

The industry is well aware that inbreeding, can have a negative impact on production profitability. It is estimated that each 1% increase in inbreeding costs approx. \$42 of her LIFETIME profitability in a dairy heifer.

Specific mating Inbreeding control is essential for companies that predominantly use "Proven" sires as there is the possibility for Proven sires to be mated over their daughters (25% inbreeding which would create total lost profit potential in the order of \$1000plus per heifer calf). However, Liberty Genetics uses a simple strategy to manage inbreeding. Hence for our "Team" product a Liberty bull will not get exposed to his daughters.

We do use some successful Liberty bulls to breed sons, which does create the possibility of 3% inbreeding. This

level will not have a significant impact on the animals lifetime productivity, and for established Liberty clients the frequency of such matings will not exceed above 6%.

An example of how a minor level of inbreeding can occur is in the table below.

Where a new Liberty client has a herd with direct daughters of Manhattan, matings to Manhattan grandsons will generate progeny with 6.25% inbreeding, which is considered the maximum commercially acceptable, but this will only occur at a low incidence, or can be avoided through an "excluded matings list". The ideal prevention strategy for inbreeding would require a nominated mating program that assesses the level of inbreeding of each mating option, and the BW trade-off from excluding a specific mating choice compared to other choices. It is not practical or economic for most commercial herds to implement this solution, and so the inbreeding management system of Liberty Genetics is the economically efficient option.

<http://www.thedairysite.com/articles/698/inbreeding-in-dairy-cattle>

Progeny Heifer ABCD-11-101 Coefficient of Inbreeding = 3.125% (half of the parent overlap 25% x 25% = 6.25%)	Sire Riverina Pluto (25% Manhattan)	Grandsire 305807 Raynham Ozark	Great Grandsire Okura Manhattan Great Granddam Raynham-02-68
		Granddam Riverina Maunga Pippy	Great Grandsire Tawa Grove Maunga Great Granddam Riverina WAS Pain
	Dam WXYZ-07-21 (25% Manhattan)	Grandsire 306808 Arrieta Central Park	Great Grandsire Okura Manhattan Great Granddam Kirks Carla
		Granddam FGHJ-02-50	Great Grandsire Great Granddam unknown

Diagram 1: example of potential Inbreeding from the use of proven sire Ozark as a sire of sons, i.e. progeny with common Great Grandsire (3% inbreeding)

Business Winners



Foster and Karen Kalma
from Ngarua/East Waikato
Winners of the 2010 BNZ Dairy Business of the Year also joint winners of the Trans-Tasman Supreme Winner award.

Foster and Karen excelled in the four main sectors of the competition; pasture harvest, milk production, low feed costs and minimal core per cow costs. Excellence in these areas, ensure the Kalmas keep more of their earned dollars from their milk than most other farmers, and yes, the Kalmas are Liberty Genetics clients.

The Kalmas milk 641 cows, 90% Jerseys, on 113 hectares in Ngarua, and achieve a \$3,823 profit per hectare. Their core per cow cost is \$484, well below the national average of \$580. (2008-9 Red Sky season averages). By keeping an eye on their per cow costs, the Kalmas retain an extra \$60,000 per year, to invest.

Foster uses BW as the main criteria when picking the young team of bulls to inseminate his cows, and says that: "It is a simple tool to use when selecting genetics".

Foster notes that the genetic variance in the Liberty Team is wide and minimises inbreeding compared to the pool of proven Jersey bulls.

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