

EMBARGOED UNTIL DELIVERY

RCB REPORT 2004

SECONDED BY THE RT REV ALAN HARPER

Your Grace,

The report of the Representative Church Body occupies 104 pages of the Book of Reports. Much of the information in the report is financial and statistical. The RCB is a venerable institution. Born in the third quarter of the 19th century, at birth it had no accumulated financial antecedents, its core funds were derived from the commuted incomes of the incumbent clergy of the day. Furthermore, it had no organisational antecedents in either the ancient Church of Ireland or the United Church of England and Ireland. The Representative Body is sui generis, a creation of the high Victorian world of William Ewart Gladstone. Gladstone has passed way, Victoria has passed away, and that world has passed away with them.

At or shortly after Disestablishment some 1000 clergy of the Church of Ireland retired. By doing so and accepting a lump sum payment smaller than that to which their aggregated life's stipends would have entitled them, they contributed significantly to the residual capital available to the Representative Church Body for future investment. At that point in our history the Church Of Ireland was served by***** Contrast that with the present picture of around 670 clergy (more than 70 of them non stipendiary) in 12 dioceses with a total of around 470 incumbencies. How is an institution like the RCB, created to serve the needs of the Church in the third quarter of the 19th century, to respond to the tasks of the first and second quarters of the 21st century? Only, I suggest by developing an approach that combines flexibility of mind and imagination with a deep understanding of the Church of Ireland and its contemporary needs. We look to the Chief Officer and his senior staff to arm themselves with such understanding, intuition and flexibility. Nevertheless we need to recognize that the staff of the Representative Body is not the Body itself. The staff constitutes our Civil Service; they are neither a Cabinet, nor a Parliament. There is a Cabinet – the RB Executive – and there is a Parliament – the members of the Representative Body. It is the responsibility of the Representative Body to shape the policy. The role of the Civil Service, is to advise but, ultimately, for good or ill, to implement policy with neither the manoeuvrings nor the obfuscations of the late, great, Sir Humphrey Appleby. In this respect, it is vital that the administrative arm is fully apprised of emerging policies and priorities, so that energy is not dissipated on yesterday's business. This is one of the roles of the Policy and Coordination Advisory Committee of which Geoffrey Perrin spoke in his introductory speech.

If I may, I want to outline certain theological principles informing the self understanding of the Church of Ireland.

1. The mission of the Church of Ireland is to the people of the whole island. We are not a congregational church. We do not restrict our mission or our ministry to a closed company of adherents. We are a church of the whole island seeking the good of all people living here, regardless of religious or political affiliation. Ergo, the Church of Ireland is required to pursue mission and sustain ministry throughout this island even where adherent numbers are small. The Representative Body must be responsive to that requirement
2. Simply stated, the spiritual mission of the Church Of Ireland is “to let Christ be seen and to make Christ known”. We do it by worship, by proclamation, by lifestyle and by appropriate social and community engagement and advocacy. Conversion is the work of the Holy Spirit; the work of the Church in calling attention to the revelation of God in Jesus Christ is incarnational. Ergo, the Church of Ireland is required to engage in external dialogue and to articulate publicly and privately a considered Christian outlook within civil society across the whole island. The Representative Body must be sensitive to that requirement.
3. The Church Of Ireland is an Episcopal church. It exercises mission and ministry in a way responsive to the needs of the community at local, that is, diocesan, level. It maintains the historic three fold ordained ministry of bishops, priests and deacons, but it also recognises and seeks to encourage the rich variety of ministries exercisable by the lay people of the Church. Ergo, the Church Of Ireland must now develop resources for styles and aspects of ministry

unimagined by the devisers of the Disestablishment. The challenge to the RCB will be to remain true to the spirit of our benefactors whilst freeing ourselves from the dead hand of legalistic financial literalism.

4. The Church of Ireland discovers and exercises its historic mission at local level, in the dioceses. The Representative Body will be required to redouble its efforts financially to support centrally the work of the Church locally.

If these things are to be achieved we shall require the RCB to prioritize investment in people and in fresh ideas.

With an old world courtesy we have come to treasure, staff of the RCB from Chief Officers downward have, traditionally, exhibited a creative, supportive approach. Their attitude in the past has been: "We see what you are trying to do; here is the way in which we can help you to achieve it." Guidance and support of that sort is what we look for from the Civil Service of the Church of Ireland. I salute the courteous staff of the RCB and thank them for the guidance and support we receive from them and continue to rely on.

Creativity is possible, of course, only because of the skilful management of RCB funds. That management is overseen by the Investment Committee under the chairmanship of Mr JRB Hewat. I want to take this opportunity to pay a particular tribute to Mr Hewat and his committee. Especially I pay tribute to one who has rendered service of incalculable value both financial and spiritual to the Church of Ireland over many years but who stepped down as a member of the Representative Body at its February meeting, I refer to Mr Hilary Morrison. I am proud to offer thanks on behalf of this Synod to a son of the Diocese of Connor! His incisive, informed, often challenging, usually radical and sometimes lateral thinking has enormously enriched the life of the Church of Ireland, words are not adequate to express the debt the Church owes to Hilary Morrison.

You will have observed on pages 18-20 of the Book of Reports that, even after a period of great volatility following the downturn in the markets triggered but not caused by 9/11, under the guidance of the Investment Committee, the in-house investment management team and our external financial fund managers have succeeded in sustaining the income flow from our investments to meet central funding requirements. This was achieved partly at the cost of capital growth by switching some funds from stocks to bonds. Whilst a more sustained recovery of the markets appears now to be taking place, a return to the very high levels prior to 2001 may be some way off. Having said this, those of a sensitive disposition will have been appalled by the cynicism reflected in the doubtless accurate comment contained in the second bullet point on page 18 of the Book of Reports which reads as follows:

*Europe in particular continued to suffer as German unemployment reached a 10 year high, the IFO survey of business confidence continued its descent and ultimately the European Stability and Growth Pact collapsed. **However, when the US and the UK did go to war at the end of March, the markets reacted well to the reduced uncertainty and simultaneously corporate earnings and economic newsflow began to improve.***

I take this to mean that wars are good for market sentiment and for profits and that armed aggression has improved the finances of the RCB. It may also mean that the markets welcome 'strong government' at whatever cost. A statement on Socially Responsible Investment may be found at Appendix E on page 82

One of the issues that led to market volatility was a collapse of confidence in corporate governance. The problem did not begin and end with Enron, WorldCom and Parmalat. It remains a significant problem, as the deliberate policy by Shell of over-estimating oil reserves continues to demonstrate. A note on page 20 of the Report indicates that the Investment Committee is satisfied that our investment managers are sensitive to the concerns and expectations of the church in the matter of ethical investments. I should like also to be assured that such monitoring also embraces scrutiny of standards in corporate governance. If bodies, like churches and the major charities, should choose to use 'investment muscle' to demand higher standards of corporate governance with genuine transparency we might make a worthwhile difference. The Church of Ireland is not a major player compared with some, but is it opportune now, I wonder, to attempt to build a coalition of ethical investors to act together to secure acceptable standards of corporate governance and to demand of government robust regulatory regimes?

The data contained in the report indicate what it actually cost to run the Church of Ireland in 2003 along with the estimates for 2004. Excluding the costs of stipends in parochial ministry to which the central funds make little contribution, the round figures are these

- Total expenditure in 2003 leaving aside earmarked trust funds c€6.962m of which
- €1.196m Central Admin and Staff costs i.e. c31.4%
- €1.584m Episcopal stipends and expenses (of which €0.568m came from the dioceses levied on the basis of the number of cures per diocese) i.e. c22.9%
- €0.349m Other clergy costs, mostly University Chaplaincy i.e. c5.0%
- €1.140m Retired clergy and spouses towards pensions i.e. c16.4%
- €1.018m Training of Ordinands i.e. c14.6%
- €0.675m General Synod and Standing Committee costs i.e. c9.7%

The RCB manages and disperses much more money than this, but from trusts and endowments allocatable only to specific dioceses, parishes or objects.

That observation raises some important questions: If, as page 4 of the Book of Reports indicates, one of the core activities of the RCB is the provision of 'finance for the sustentation of clergy' or as the statement on page 12 puts it 'Its historic and primary mission is to serve and support the Church's ministry', what support towards the sustentation of serving clergy may we expect in the future, as the ministry of the church is radically reshaped to meet the requirements of the 21st century? Will the RCB support new forms of stipendiary ministry? Will it support financially the ministry of lay people? Does the RCB have a role in redressing those inequalities of endowment among the dioceses which can restrict freedom to experiment? Can levies, raised on the basis of numbers of cures, any longer ignore hidden financial reserves? These are not trivial issues. It cannot be imagined that the central structures of the church can remain unaffected as the ministry in the parishes and dioceses is radically reshaped. The Representative Church Body is what it says it is, Representative. Each diocese is represented on it. It is chaired by you, your Grace. Even so, and now, more than ever, the RCB must study to avoid giving substance to a not uncommon form of paranoia, namely impression that the Representative Body is not only Dublin based but is also Dublin dominated and Dublin biased. I know and I declare openly that such a perception is unfair and inaccurate, but it is abroad, and it is vital that it should not be fed.

Your Grace, I beg to second the proposal that the Report of the Representative Church Body be taken into consideration.