

From June 26, 2008 Pentagon Press Brief with Defense Secretary Robert Gates

Q I have a question about the big tanker decision that you were briefed on yesterday. Given what you heard yesterday, is the department and you -- are you leaning toward going ahead with the Northrop contract as is, or taking GAO's considerations and reopening the competition?

I had a follow-up.

SEC. GATES: Well, I haven't made any decisions yet. But I would say that I take the GAO report very seriously. They clearly pointed out some areas where we were deficient. And the deputy and I and the undersecretary for Acquisitions, Logistics and Technology and the acting secretary of the Air Force are continuing to talk about this and figure out the right way forward.

Q The last question. Now you went out on a limb -- you, Gordon England and others -- saying this transaction was transparent, fair. It turns out it fell apart. How much is your confidence in the way this building manages major acquisitions shaken by this episode? It comes as you're trying to get the American people to support a large increase in Defense spending. So the natural question: If you give them the money, how can they manage it well?

SEC. GATES: Well, first of all, I think we do manage a number of programs very well. But clearly there are some problem areas. The secretary of the Navy has pointed some out and taken actions with the littoral combat ship. Other management actions have been taken.

Part of the problem that -- and I've discussed this with -- in testimony on the Hill -- is, a dozen years ago the Defense Contracting Agency had 25,000 employees. It's got about 9,000 today. Overall, 15 or 20 years ago, the department had over 600,000 people involved in acquisitions, and it's less than half that. Some of that was due to decisions made in the executive branch. Some of it was mandated by the Congress.

One of the steps that we're taking, for example, in the Army -- the report that Jack Gansler did on Army contracting made clear that contracting had become an unattractive career path in the Army. And so they're taking steps to recreate that as a meaningful career path in the Army.

So we are taking steps to improve the contracting process. John Young has put a number of steps in to try and bring greater discipline to the acquisitions process. So I think in the time that we have left we will implement and are implementing the steps that John Young has put forward to improve the acquisition process, but clearly it will still be an agenda item for my successor.

Q Could I follow up on that, please? You said you take the GAO report seriously. The report also said the Air Force procurement team made significant errors in this contract. Do you still have faith in the Air Force procurement team, particularly Assistant Secretary Sue Payton?

SEC. GATES: Well, I have -- we've clearly had problems with the tanker contract. And this time around is not the first time, obviously. And so I think I need to get a better feel for the GAO report and for the criticisms and the nature of the criticisms that they have made. I know that there were a number of areas in which they found that the process was done correctly. And so I need to -- I need to weigh that. And so does the acting secretary.

Q But you still have faith in the Air Force team? Or is it too early to even --

SEC. GATES: Well, I have confidence in the team until I see something to the contrary.

Q Were you aware there were problems before the GAO report or is that the first that you were aware that there was a problem with the fairness of the procurement?

SEC. GATES: Well, clearly the Boeing protest was the first indication that there might have been some problems.

Q Yet after --

SEC. GATES: But the first evidence that we have seen that there were, in fact, problems was the GAO report.

Q But after the Boeing protest, you still had said that you had faith that it was a fair and transparent process.

SEC. GATES: Yes.

Q What had made you say that?

SEC. GATES: The views of the acquisition people.

Q . . . Could we go back to the tanker, perhaps? Following on from some of the earlier questions, have you at least got to the view that your office, the Department of Defense as a whole, should take over the running of this issue, of this contract, or will it remain in the hands of the Air Force?

SEC. GATES: The way forward is one of the issues that we are talking about. And we clearly need to have an approach that has the confidence of the Congress, and so we are looking at several options.

Q (To include ?) perhaps a greater role for you or for your office to ensure that?

SEC. GATES: I don't think that's appropriate, frankly. But we're looking at several options.

Q Do you think it should be re-bid, Mr. Secretary?

SEC. GATES: Haven't made any decisions on that.