

## **The AI Risk No One Wants To Put In The Board Pack**

There is a charming Australian belief that if we put a new system in place and call it transformation, people will eventually come around.

This is also how people buy gym memberships in January.

AI is being treated in too many boardrooms as if it were a plug. Install it. Announce it. Add a governance slide. Then wait for productivity to appear like a sausage at Bunnings.

The problem is not the technology.

The problem is the fantasy that humans adopt new technology just because the invoice has been paid.

Leaders see productivity. Staff hear redundancy. Leaders see faster service. Customers hear robot queue. Leaders see efficiency. The people doing the work hear a very expensive machine walking toward their desk wearing a lanyard.

That gap is where trust dies.

Australia already has a splendid track record of large implementations that arrived with heroic promises and left behind rework bills. ERP projects. CRM projects. Digital transformations. Change programs with names so optimistic they should have required a warning label.

The damage was rarely caused by the software alone. It was caused by leaders confusing installation with adoption.

Now AI raises the stakes.

In a sample of ten major ASX companies, our modelling estimates gross social-licence exposure from poor AI transition at approximately US\$6.97 billion. Woolworths alone shows estimated gross exposure above US\$1.55 billion.

These are not loose coins behind the couch. This is board-level damage.

And yet the corporate reflex is still to discuss governance.

Governance is necessary. So is plumbing. But nobody bought a house because the downpipes were compliant.

The missing discipline is trust. Not the soft kind. The measurable kind.

The kind that decides whether people adopt the tool or quietly sabotage it with workarounds.

The kind that decides whether customers forgive automation or punish it.

The kind that decides whether talented staff stay, disengage, or leave before the memo lands.

Senior leaders need to do something unfashionable. They need to lead.

That means standing in front of people and explaining the human bargain.

What changes. What does not. Who gets trained. Who gets redeployed. Who gets a voice. What work becomes better. What dignity is protected.

Boards should not only ask whether AI has a governance framework. They should ask whether the organisation has human-transition controls, capability, communication, work redesign, psychological safety, adoption evidence and a credible plan for the people most affected.

Because the real risk is not that AI fails.

The real risk is that AI works, but the humans no longer trust the people implementing it.

That is a leadership problem.

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