Next week Malcolm Turnbull will briefly take one foot off the domestic treadmill for his first visit to China as prime minister, going to Shanghai as well as Beijing.

With a large contingent of Australian businesspeople in his Shanghai audience on Thursday, Turnbull will put his familiar narrative of Australia's economic transition squarely in the context of its major driver – the changes underway in the Chinese economy. In Beijing he will meet Premier Li Keqiang and President Xi Jinping.

The tensions in the South China Sea, on which Turnbull has been forthright, will be canvassed, but the emphasis will be on shared interests.

Turnbull will play up future opportunities as the two countries grapple with their respective new economic circumstances. But the costs of China's transition were rammed home this week when the mining and steel producing group Arrium went into voluntary administration, with big job losses a threat. Chinese steel exports have flooded international markets and driven prices down; iron ore prices have plummeted as demand from China has fallen.

Arrium's plight has raised another political problem for South Australian federal Liberals, who are already hanging out for an announcement that the new submarines will be built or substantially built in their state.

Bill Shorten reacted to the Arrium situation with an interventionist approach, including saying "I, for one, haven't swallowed a right-wing economic textbook and simply pretended there is no role for government to help with co-operative investment".

With parliament returning for its special session on April 18, the budget on May 3 and the general expectation of an election on July 2, the political war is presently in a semi hiatus – fire being exchanged, but still short of full battlefield engagement.

This week's Newspoll, showing the Coalition behind Labor – 49-51% – for the first time since

Turnbull became prime minister has had a psychological effect beyond the importance of the actual numbers. Shorten's performances have a note of confidence; Turnbull is under greater pressure.

On Thursday night Shorten faced a "people's forum" in Brisbane, where he answered ten questions from an audience of 100 swinging voters. Afterwards 68% said they were more likely to vote Labor as a result of hearing him, 9% said less likely, and 23% were undecided.

In general, Labor tails are up. But the opposition's hard heads are realistic – they are not predicting Labor will win the election.

Labor is currently better placed than the government in two areas which resonate with ordinary people. In each case Turnbull handed an advantage to his opponent.

Most obviously, Turnbull's saying last week – in the context of his now-dead state income tax plan – that it would be logical for the states to have sole funding responsibility for government schools was pure gold for Shorten.

Shorten has also got a useful break from this week's focus on the bad behaviour in the banking sector. Speaking at a Westpac function – a day after that bank was targeted by the Australian Securities and Investments Commission for allegedly manipulating a benchmark interest rate – Turnbull gave bankers generally a sharp lecture about ethics, which have been widely breached.

Turnbull was correct in his criticism of the banking sector's indefensible conduct but his comments prompted the obvious question: what was he going to do about it?

The government rejected the calls – including from its own backbenchers John Williams and Warren Entsch – for a royal commission. This allowed Shorten to respond with the line that "I think Australians are sick of politicians who talk tough and do nothing".

Shorten is moving towards proposing a royal commission – which would focus on the culture in the financial services sector, not on issues of stability, because that is not in question.

One would think that would be popular with voters. The government is likely to counter by promising more resources to the agencies overseeing the sector.

Both sides are now looking to their tactics for the special session called for the Senate to consider the Coalition’s industrial relations legislation. What’s been heard from the crossbenchers this week has not raised any serious prospect of success for the bill to resurrect the Australian Building and Construction Commission (ABCC).

The government won’t meet the demand from some crossbenchers for a wide anti-corruption body, although recent revelations of various rorts and scandals have made its case against less simple to run.

The optics and political dynamics of the three-week session will be important. The government wants to have the House of Representatives, which has little work to do, sitting for as short a period as possible, minimising the number of Question Times.

There has been speculation that those opposed to the industrial relations legislation might try to frustrate the Senate’s proceedings. Liberal Democrat David Leyonhjelm told the National Press Club that “if Labor moved a motion on the 18th or 19th of April to adjourn the Senate until 3 or 10 May, I reckon most of my crossbench colleagues would support it".

But senior Labor sources predict a normal debate, saying the opposition won’t be disruptive – unlike on the extraordinary “pyjama night”, when the Senate debated voting reform. Then, Labor was on the losing side; in the ABCC debate it is expected, on present indications, to have the numbers to defeat the legislation.

If Labor sticks to this strategy, the Senate may need well under the allocated three weeks to consider the legislation. With the government, Labor and the crossbench now believing that they are headed for a July 2 election, all players have an interest in minimising the days they spend in Canberra, to maximise the time they are on the ground for campaigning.

Michelle Grattan does not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and has disclosed no relevant affiliations beyond the academic appointment above.

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