1. Read the article below and then, on lined paper, answer the question that follows:

# Duty hike too small to deter smokers

## By EUGENE MAHALINGAM

**Consumer groups disappointed with 1 sen tobacco tax increase**

PETALING JAYA: Consumer groups and health care organisations are appalled and disappointed with the Government’s marginal excise duty hike on tobacco of 1 sen (or 5.6%) per stick on Oct 1.

Federation of Malaysian Consumer Associations (Fomca) secretary-general Muhammad Shaani Abdullah said the hike was too small to have any effect on smokers.

“The duty increase recently is a good move but it was too small a hike. Usually when the cost of something goes up, people just adapt to the change,” he said when contacted by *StarBiz* yesterday. “There should be a deterrent increase. Only then would it have an impact on smokers in Malaysia.” Shaani does not see a further hike in excise duty for tobacco to be announced in Budget 2010.

Shaani also called for a serious crackdown on illicit cigarette trade as many legitimate players often used this as an excuse to plead their case against potential tax hikes.

“The (legal cigarette) companies are always using ‘smuggling’ as their ransom weapon to their benefit every time there is a tax hike.

“And we keep accepting this as an excuse. Why aren’t the authorities doing anything to control this?” he said.

*Source – The Star, Malaysia, October 9th, 2009*

1. With the help of a diagram, show how the imposition of higher cigarette taxes (which are indirect taxes, by the way), help to both raise revenue for the government and reduce smoking. (4)