

## **Abstract**

We examine the impact of a reduction in the legal drinking age in New Zealand on alcohol consumption and hospitalisations among teenagers. We focus on both the behavior of individuals directly affected by the policy and those who were unaffected but whose access to alcohol might have changed through peer group effects. Using a difference-in-differences and regression discontinuity-type strategy, and multiple waves of a nationally representative health survey and administrative data on hospitalisations, we find that reducing the legal drinking age did not change alcohol consumption on average, but we identify a causal impact on the upper end of the drinking distribution with significant spill-over effects to slightly younger and older peers.